DRAFT RED HERRING PROSPECTUS
Dated January 6, 2022
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read section 32 of the Companies Act, 2013
100% Book Built Offer

SANATHAN TEXTILES LIMITED

Our Company was incorporated as 'Sanathan Textiles Private Limited' under the Companies Act, 1956 pursuant to a certificate of incorporation dated October 10, 2005, issued by the Registrar of Companies, West Bengal at Kolkata. Subsequently, our Company was converted into a public limited company and, pursuant to a resolution of our shareholders dated November 12, 2021, the name of our Company was changed to 'Sanathan Textiles Limited', and a fresh certificate of incorporation was issued by the Registrar of Companies, Gujarat at Ahmedabad on November 18, 2021. For further details in relation to change in name of our Company and Registered Office, see "*History and Certain Corporate Matters*" on page 191.

Registered Office: SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230, India; **Telephone**: + 91 260 3269197
Corporate Office: D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai Maharashtra 400013; **Telephone**: + 91 22 6634 3312/3/4/5/6
Contact Person: Jude Patrick Dsouza, Company Secretary and Compliance Officer; **Telephone**: + 91 22 6634 3312/13/14/15
E-mail: investors@sanathan.com; **Website**: https://www.sanathan.com/; **Corporate Identity Number**: U17299DN2005PLC005690

OUR PROMOTERS: NIMBUS TRUST, D&G FAMILY TRUST, A&J FAMILY TRUST, P&B FAMILY TRUST, PARESHKUMAR DATTANI, AJAYKUMAR DATTANI, ANILKUMAR DATTANI AND DINESHKUMAR DATTANI

INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF SANATHAN TEXTILES LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION (THE "OFFER") COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5,000 MILLION BY OUR COMPANY (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 11,400,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION, INCLUDING UP TO 2,351,100 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY PARESHKUMAR DATTANI, UP TO 2,659,500 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY AJAYKUMAR DATTANI, UP TO 2,557,500 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY ANILKUMAR DATTANI AND UP TO 2,827,500 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY DINESHKUMAR DATTANI (THE "PROMOTER SELLING SHAREHOLDERS"), UP TO 18,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY VAJUBHAI INVESTMENTS PRIVATE LIMITED, UP TO 18,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY VALLABHDAS DATTANI HUF, UP TO 168,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY SONALI DATTANI, UP TO 18,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY DINESHKUMAR DATTANI HUF AND UP TO 266,400 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY BEENA DATTANI , UP TO 138,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY ANILKUMAR DATTANI HUF, UP TO 228,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY PARESHKUMAR V DATTANI HUF AND UP TO 150,000 EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION BY MIKESH DATTANI (THE "PROMOTER GROUP SELLING SHAREHOLDERS" AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, COLLECTIVELY REFERRED AS "SELLING SHAREHOLDERS" AND SUCH OFFER FOR SALE BY THE SELLING SHAREHOLDERS, THE "OFFER FOR SALE"). THE OFFER WOULD CONSTITUTE [●] % AND [●] % OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.

THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND THE SELLING SHAREHOLDERS, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND THE SELLING SHAREHOLDERS, AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL DAILY NEWSPAPER [●], ALL EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER [●] AND [●] EDITION OF THE GUJARATI NEWSPAPER [●] (GUJARATI BEING THE REGIONAL LANGUAGE OF THE UNION TERRITORY OF DADRA AND NAGAR HAVELI AND DAMAN AND DIU, WHERE OUR REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE") AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND THE SELLING SHAREHOLDERS, MAY CONSIDER UNDERTAKING A PRE-IPO PLACEMENT OF SUCH NUMBER OF SECURITIES FOR A CASH CONSIDERATION AGGREGATING UP TO ₹ 1,000 MILLION BETWEEN THE DATE OF THIS DRAFT RED HERRING PROSPECTUS TILL THE FILING OF THE RED HERRING PROSPECTUS WITH THE ROC ("PRE-IPO PLACEMENT") SUBJECT TO APPROPRIATE APPROVALS. THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE SELLING SHAREHOLDERS AND THE BOOK RUNNING LEAD MANAGERS, AND THE PRE-IPO PLACEMENT WILL BE COMPLETED PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC. IF THE PRE-IPO PLACEMENT IS UNDERTAKEN, THE AMOUNT RAISED PURSUANT TO SUCH A PRE-IPO PLACEMENT WILL BE REDUCED FROM THE AMOUNT OF THE FRESH ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(B) OF THE SCRR.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision in the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, in consultation with the Book Running Lead Managers, for reasons to be recorded in writing, extend the Bid / Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the respective websites of the Book Running Lead Managers and at the terminals of the Syndicate Member(s) and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

This is an Offer in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in terms of Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), provided that our Company, in consultation with the Selling Shareholders and Book Running Lead Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA accounts and UPI ID in case of RIBs using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks ("**SCSBs**") or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see "*Offer Procedure*" on page 357.

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of Equity Shares of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price, Cap Price and Offer Price (determined by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders and on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under "*Basis for Offer Price*" on page 108),should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares of our Company, or regarding the price at which

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer 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 Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer 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 Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 31.

OUR COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus 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 Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each of the Selling Shareholders, severally and not jointly, accepts responsibility for, and confirms, that the statements specifically made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus, to the extent that the statements and information specifically pertain to such Selling Shareholder and the Equity Shares offered by such Selling Shareholder under the Offer for Sale, are true and correct in all material respects and are not misleading in any material respect.

LISTING

The Equity Shares, once offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 406.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
Edelweiss Financial Services Limited 6th Floor, Edelweiss House Off C.S.T. Road, Kalina Mumbai 400 098 Maharashtra, India **Telephone:** +91 22 4009 4400 **E-mail:** sanathan.ipo@edelweissfin.com **Investor Grievance E-mail:** customerservice.mb@edelweissfin.com **Website:** www.edelweissfin.com **Contact Person:** Dhruv Bhavsar **SEBI Registration No.:** INM0000010650	**JM Financial Limited** 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India **Telephone**: +91 22 6630 3030 **E-mail**: sanathan.ipo@jmfl.com **Website**: www.jmfl.com **Investor Grievance E-mail:** grievance.ibd@jmfl.com **Contact person**: Prachee Dhuri **SEBI registration number**: INM000010361	**KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)** Selenium, Tower-B Plot No. 31 & 32, Financial District Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India **Telephone**: +91 40 6716 2222 **E-mail**: sanathan.ipo@kfintech.com **Website**: www.kfintech.com **Investor grievance E-mail**: einward.ris@kfintech.com **Contact person**: M Murali Krishna **SEBI Registration No.:** INR000000221

BID/OFFER PROGRAMME

BID/OFFER OPENS ON	[●]*
BID/OFFER CLOSES ON	[●]**

**Our Company may, in consultation with the Book Running Lead Managers and the Selling Shareholders, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*

*** Our Company may, in consultation with the Book Running Lead Managers and the Selling Shareholders, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations.*

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SECTION I : GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise implies or requires, or unless otherwise specified, shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto, as of the date of this Draft Red Herring Prospectus, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the SEBI Act, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "Industry Overview", Key Regulations and Policies", "Statement of Special Tax Benefits", "Financial Information", "Basis for Offer Price", "Outstanding Litigation and Other Material Developments" and "Description of Equity Shares and Terms of Articles of Association", on pages 120, 180, 111, 230, 108, 326 and 380, respectively, will have the meaning ascribed to such terms in those respective sections.

Company and Selling Shareholders related terms

Term	Description
"our Company", "the Company" or "the Issuer"	Sanathan Textiles Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230, India.
"we", "us", or "our" or "Group"	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries.
"Articles" or "Articles of Association" or "AoA"	The articles of association of our Company, as amended.
"Audit Committee"	The audit committee of our Board constituted in accordance with the Companies Act and the Listing Regulations and as described in "*Our Management*" on page 197.
"Board" or "Board of Directors"	The board of directors of our Company.
"Chief Financial Officer" or "CFO"	The chief financial officer of our Company, being Nidhi Batavia.
"Company Secretary and Compliance Officer"	Company secretary and compliance officer of our Company, being Jude Patrick Dsouza.
"Corporate Social Responsibility Committee" or "CSR Committee"	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, 2013 as described in "*Our Management*" on page 197.
"Corporate Office"	The corporate office of our Company situated at D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai Maharashtra 400013.
"CP Plant"	Continuous Polymerisation Plant
"CRISIL"	CRISIL Limited
"CRISIL Report"	The report titled "Assessment of textile industry with special focus on yarn manufacturing market in India" dated December 28, 2021, prepared and issued by CRISIL
"Director(s)"	Director(s) on the Board of our Company, as appointed from time to time.
"Equity Shares"	Equity shares of our Company of face value of ₹ 10 each.
"ESOP Scheme"	Sanathan Textiles Limited - Employee Stock Option Plan – 2021
"Executive Director"	Executive director(s) of our Company. For further details of the Executive Director, see "*Our Management*" on page 197.
"Group Company"	Our group company as disclosed in section "*Our Group Companies*" on page 227.
"Independent Directors"	A non-executive, independent Director appointed as per the Companies Act, 2013 and the Listing Regulations. For further details of our Independent Directors, see "*Our Management*" on page 197.
"IPO Committee"	The IPO committee of our Board constituted as described in "*Our Management*" on page 197.
"ISIN"	The ISIN number of our Company is INEOJPD01013
"Joint Managing Director"	The joint managing director of our Company, being Ajaykumar Dattani.
"KMP" or "Key Managerial Personnel"	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, which includes key managerial personnel in terms of the Companies Act, 2013, as disclosed in "*Our Management*" on page 197.

Term	Description
"Managing Director"	The managing director of our Company, being Pareshkumar Dattani.
"Materiality Policy"	The materiality policy of our Company adopted pursuant to a resolution of our Board dated November 22, 2021 for the identification of material (a) outstanding litigation proceedings; (b) group companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus.
"Manufactured Products"	Manufactured products of our Company consists of product sale plus sale of scrap.
"Memorandum" or "Memorandum of Association" or "MoA"	The memorandum of association of our Company, as amended.
"Nomination and Remuneration Committee"	The nomination and remuneration committee of our Board constituted in accordance with the Companies Act, 2013 and the Listing Regulations, and as described in "*Our Management*" on page 197.
"Non – Executive Director(s)"	A Director, not being an Executive Director.
"Promoters"	Promoters of our Company namely, Nimbus Trust, D&G Family Trust, A&J Family Trust, P&B Family Trust, Pareshkumar Dattani, Ajaykumar Dattani, Anilkumar Dattani and Dineshkumar Dattani. For further details, see "*Our Promoters and Promoter Group*" on page 220.
"Promoter Group"	Such individuals and entities which constitute the promoter group of our Company pursuant to Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see "*Our Promoters and Promoter Group*" on page 220.
"Promoter Selling Shareholder"	Pareshkumar Dattani, Ajaykumar Dattani, Anilkumar Dattani and Dineshkumar Dattani
"Promoter Group Selling Shareholder"	Vajubhai Investments Private Limited, Vallabhdas Dattani HUF, Sonali Dattani, Dineshkumar Dattani HUF, Beena Dattani, Anilkumar Dattani HUF, Pareshkumar V Dattani HUF and Mikesh Dattani
"Registered Office"	The registered office of our Company situated at SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230 India.
"Registrar of Companies" or "RoC"	Registrar of Companies, Gujarat at Ahmedabad.
"Restated Financial Statement"	Restated consolidated and standalone financial information of our Company and its subsidiaries (the '**Group**'), comprising the restated consolidated statement of assets and liabilities as at September 30, 2021, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in Equity and the restated consolidated statement of cash flow for the six-months period ended September 30, 2021 and restated standalone statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the restated standalone statement of profit and loss (including other comprehensive income), the restated standalone statement of changes in equity and the restated standalone statement of cash flows for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the summary statement of significant accounting policies, and other explanatory information, and other explanatory information of our Company, derived from the consolidated audited financial statements as at and for the six months period ended September 30, 2021 and standalone financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS and in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, relevant provisions of the SEBI ICDR Regulations, and the Guidance Note on Reports on Company Prospectuses (Revised 2019) issued by the ICAI. The consolidated financial statements as at and for the six months period ended September 30, 2021 and standalone financial statements for the year ended March 31, 2021 was audited by Walker Chandiok & Co. and the standalone financial statements for the years March 31, 2020 and March 31, 2019 were audited by Narendra Kochar & Co.
"Risk Management Committee"	The risk management committee constituted in accordance with the Listing Regulations, and as described in, "*Our Management*" on page 197.
"Selling Shareholders"	Collectively, the Promoter Selling Shareholder and Promoter Group Selling Shareholders
"Shareholder(s)"	The equity shareholders of our Company whose names are entered into (i) the register of members of our Company; or (ii) the records of a depository as a beneficial owner of Equity Shares.
"Stakeholders' Relationship Committee"	The stakeholders' relationship committee constituted in accordance with the Companies Act, 2013 and the Listing Regulations, and as described in, "*Our Management*" on page 197.
"Statutory Auditors"	The statutory auditors of our Company, being Walker Chandiok & Co., LLP, Chartered Accountants.
"Subsidiaries"	The subsidiaries of our Company as on the date of this Draft Red Herring Prospectus are: i. Universal Texturisers Private Limited; and

Term	Description
	ii. Sanathan Polycot Private Limited.
"Term Loan Agreement"	Term Loan Agreement dated January 10, 2013
"Working Capital Consortium Agreement"	Working Capital Consortium Agreement dated January 10, 2013

Offer Related Terms

Term	Description
"Abridged Prospectus"	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf.
"Acknowledgement Slip"	The slip or document issued by relevant Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form.
"Allot", "Allotment", or "Allotted"	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders.
"Allotment Advice"	A note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.
"Allottee"	A successful Bidder to whom the Equity Shares are Allotted.
"Anchor Investor"	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who has Bid for an amount of at least ₹ 100 million.
"Anchor Investor Allocation Price"	The price at which Equity Shares will be allocated to Anchor Investors during the Anchor Investor Bid/Offer Period in terms of the Red Herring Prospectus and the Prospectus which will be decided by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders.
"Anchor Investor Application Form"	The application form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Anchor Investor Bidding Date"	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the Book Running Lead Managers will not accept any Bids from Anchor Investor, and allocation to the Anchor Investors shall be completed.
"Anchor Investor Bid/Offer Period"	One Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed.
"Anchor Investor Offer Price"	The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders.
"Anchor Investor Pay – in Date"	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and, in the event the Anchor Investor Allocation Price is lower than the Offer Price a date being, not later than two Working Days after the Bid/Offer Closing Date.
"Anchor Investor Portion"	Up to 60% of the QIB Portion, which may be allocated by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations
"Applications Supported by Blocked Amount" or "ASBA"	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by RIBs using the UPI Mechanism.
"ASBA Account"	A bank account maintained with an SCSB by an ASBA Bidder as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form, which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism, to the extent of the Bid Amount of the ASBA Bidder.
"ASBA Bidder"	All Bidders except Anchor Investors.
"ASBA Form"	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
"Banker(s) to the Offer"	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Public Offer Account Bank(s) and the Sponsor Bank, as the case may be.
"Basis of Allotment"	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Procedure*" on page 357.

Term	Description
"Bid"	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of a Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly.
"Bidder"	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and unless otherwise stated or implied, includes an Anchor Investor.
"Bid Amount"	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid.
"Bidding Centres"	Centres at which the Designated Intermediaries shall accept the ASBA Forms, *i.e.*, Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
"Bid cum Application Form"	Anchor Investor Application Form or the ASBA Form, as the context requires.
"Bid Lot"	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
"Bid/Offer Closing Date"	Except in relation to Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of the English daily national newspaper [●], all editions of the Hindi national daily newspaper [●] and Gujarati daily national newspaper [●] (Gujarati being the regional language of the Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our Registered Office is located), each with wide circulation. In case of any revisions, the extended Bid/ Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank. Our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. In case of any revision, the extended Bid/Offer Closing Date shall also be notified on the websites of the Book Running Lead Managers and at the terminals of the Syndicate Members and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Offer Opening Date was published, as required under the SEBI ICDR Regulations.
"Bid/Offer Opening Date"	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids for the Offer, which shall also be notified in all editions of English national daily newspaper [●], all editions of Hindi national daily newspaper [●] and Gujarati national daily newspaper [●] (Gujarati being the regional language of the Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our Registered Office is located) which are widely circulated English, Hindi and Gujarati newspapers, respectively. Our Company may, in consultation with the Book Running Lead Managers and the Selling Shareholders, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.
"Bid/Offer Period"	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereto in accordance with the SEBI ICDR Regulations. Provided that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Company may, in consultation with the Book Running Lead Managers and the Selling Shareholders, consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations. The Bid/Offer Period will comprise of Working Days only.
"Book Building Process"	The book building process as described in Part A, Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.

Term	Description
"Book Running Lead Managers" or "BRLMs"	The book running lead managers to the Offer, namely Edelweiss Financial Services Limited and JM Financial Limited.
"Broker Centre"	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to a Registered Broker and details of which are available on the websites of the respective Stock Exchanges. The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com),and updated from time to time.
"CAN" or "Confirmation of Allocation Note"	The note or advice or intimation of allocation of the Equity Shares sent to Anchor Investors who have been allocated Equity Shares on / after the Anchor Investor Bidding Date.
"Cap Price"	The higher end of the Price Band, i.e. ₹ [●] per Equity Share, subject to any revisions thereof, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted.
"Cash Escrow and Sponsor Bank Agreement"	Agreement dated [●] entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, the Syndicate Member, the Banker(s) to the Offer, *inter alia*, the appointment of the Sponsor Bank in accordance with the UPI Circular, for the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
"Circular on Streamlining of Public Issues"/ "UPI Circular"	Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/50) dated April 3, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019, circular no. (SEBI/HO/CFD/DCR2/CIR/P/2019/133) dated November 8, 2019, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020, circular no. (SEBI/HO/CFD/DIL2/CIR/P/2021./2480/1/M) dated March 16, 2021, circular (SEBI/HO/CFD/DIL1/CIR/P/2021/47) dated March 31, 2021, SEBI circular number no. (SEBI/HO/CFD/DIL2/P/CIR/2021/570) dated June 2, 2021, and any subsequent circulars or notifications issued by SEBI in this regard.
"Client ID"	Client identification number maintained with one of the Depositories in relation to the demat account.
"Collecting Depository Participant" or "CDP"	A depository participant as defined under the Depositories Act, 1996 registered with SEBI and who is eligible to procure Bids from relevant Bidders at the Designated CDP Locations in terms of the SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as per the list available on the websites of BSE and NSE, as updated from time to time.
"Cut-off Price"	The Offer Price, as finalised by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
"Demographic Details"	Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation and bank account details and UPI ID, where applicable.
"Designated SCSB Branches"	Such branches of the SCSBs which shall collect ASBA Forms, a list of which is available on the website of the SEBI at (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes) and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time.
"Designated CDP Locations"	Such locations of the CDPs where Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges (www.bseindia.com and www.nseindia.com).
"Designated Date"	The date on which funds are transferred from the Escrow Account to the Public Offer Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account, as the case may be, in terms of the Red Herring Prospectus and the Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which our Board may Allot Equity Shares to successful Bidders in the Offer.
"Designated Intermediaries"	In relation to ASBA Forms submitted by RIBs (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs.

Term	Description
"Designated RTA Locations"	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
"Designated Stock Exchange"	[●]
"Draft Red Herring Prospectus" or "DRHP"	This draft red herring prospectus dated January 6, 2022, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer, and includes any addenda or corrigenda thereto.
"Edelweiss"	Edelweiss Financial Services Limited.
"Eligible FPIs"	FPIs from such jurisdictions outside India where it is not unlawful to make an offer/ invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby.
"Eligible NRIs"	NRI(s) eligible to invest under the relevant provisions of the FEMA Rules, from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to purchase the Equity Shares.
"Escrow Account(s)"	Accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid.
"Escrow Collection Bank(s)"	The banks which are clearing members and registered with SEBI as Bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●].
"First Bidder"	The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
"Floor Price"	The lower end of the Price Band, *i.e.*, ₹ [●] subject to any revision(s) thereto, not being lower than the face value of the Equity Shares, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids, will be accepted.
"Fresh Issue"	The fresh issue component of the Offer comprising of an issuance of up to [•] Equity Shares at ₹ [•] per Equity Share (including a premium of ₹ [•] per Equity Share) aggregating up to ₹ 5,000 million by our Company.
"General Information Document" or "GID"	The General Information Document for investing in public offers, prepared and issued by SEBI, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the Book Running Lead Managers.
"Gross Proceeds"	The Offer Proceeds, less the amount to be raised with respect to the Offer for Sale.
"JM Financial"	JM Financial Limited.
"Monitoring Agency"	[●]
"Monitoring Agency Agreement"	Agreement to be entered into between our Company and the Monitoring Agency
"Mutual Fund"	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
"Mutual Fund Portion"	Up to 5% of the Net QIB Portion, or [●] Equity Shares, which shall be available for allocation to Mutual Funds only, on a proportionate basis, subject to valid Bids being received at or above the Offer Price
"Net Proceeds"	The Gross Proceeds less our Company's share of the Offer-related expenses applicable to the Fresh Issue. For further details about use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" on page 93.
"Net QIB Portion"	QIB Portion, less the number of Equity Shares Allotted to the Anchor Investors.
"Non-Institutional Investors" or "NII(s)" or "Non-Institutional Bidders" or "NIB(s)"	All Bidders, that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs).
"Non-Institutional Portion"	The portion of the Offer being not less than 15% of the Offer, consisting of [●] Equity Shares, which shall be available for allocation to Non Institutional Investors on a proportionate basis, subject to valid Bids being received at or above the Offer Price
"Non-Resident" or "NR"	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs.
"Offer"	Initial public offering of up to [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] million consisting of a Fresh Issue of [●] Equity Shares aggregating up to ₹ 5,000 million by our Company and an offer for sale of up to 11,400,000 Equity Shares aggregating up to ₹ [●] million, by the Selling Shareholders.

Term	Description
"Offer Agreement"	The agreement dated January 6, 2022 amongst our Company, the Selling Shareholders and the Book Running Lead Managers, pursuant to the SEBI ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer.
"Offer for Sale"	The offer for sale of up to 11,400,000 Equity Shares aggregating up to ₹ [●] million, by the Selling Shareholders in the Offer.
"Offer Price"	The final price at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus. The Offer Price will be decided by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus.
"Offer Proceeds"	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the* Offer" on page 93.
"Offered Shares"	The Equity Shares being offered by the Selling Shareholders as part of the Offer for Sale comprising of an aggregate of up to 11,400,000 Equity Shares.
"Pre- IPO Placement"	A further issue of specified securities, through a preferential offer or any other method as may be permitted in accordance with applicable law, aggregating up to 1,000 million, which may be undertaken by our Company, in consultation with the BRLMs, prior to the filing of the Red Herring Prospectus with the RoC.
"Price Band"	Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum Price of ₹ [●] per Equity Share (Cap Price) and includes revisions thereof. The Price Band will be decided by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders and the minimum bid lot will be decided by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, and will be advertised in all editions of an English national daily newspaper [●], all editions of a Hindi national daily newspaper [●] and Gujarati national daily newspaper [●] (each of which are widely circulated English, Hindi and Gujarati newspapers, respectively, Gujarati being the regional language of the Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchange for the purpose of uploading on their respective websites.
"Pricing Date"	The date on which our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, will finalise the Offer Price.
"Prospectus"	The prospectus to be filed with the RoC, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
"Public Offer Account Bank(s)"	The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Public Offer Account(s) will be opened, in this case being [●].
"Public Offer Account(s)"	Bank account to be opened in accordance with the provisions of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Accounts and from the ASBA Accounts on the Designated Date.
"Qualified Institutional Buyers" or "QIBs"	A qualified institutional buyer, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
"QIB Portion"	The portion of the Offer (including the Anchor Investor Portion) being not less than 50% of the Offer, consisting of [●] Equity Shares which shall be allocated to QIBs, including the Anchor Investors (which allocation shall be on a discretionary basis, as determined by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders up to a limit of 60% of the QIB Portion) subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).
"Red Herring Prospectus" or "RHP"	The red herring prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The red herring prospectus will be filed with the RoC at least three working days before the Bid/ Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
"Refund Account(s)"	The 'no-lien' and 'non-interest bearing' accounts to be opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made.
"Refund Bank(s)"	The Banker(s) to the Offer with whom the Refund Account(s) will be opened, in this case being [●].
"Registered Broker"	Stock brokers registered under the SEBI (Stock Brokers) Regulations, 1992, as amended, with the Stock Exchanges having nationwide terminals other than the members of the Syndicate,

Term	Description
	and eligible to procure Bids in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI.
"Registrar Agreement"	The agreement dated January 6, 2022, entered into amongst our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
"Registrar and Share Transfer Agents" or "RTAs"	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations as per the lists available on the website of BSE and NSE, and the UPI Circulars.
"Registrar" or "Registrar to the Offer"	KFin Technologies Private Limited (formerly known as Karvy Fintech Private Limited)
"Resident Indian"	A person resident in India, as defined under FEMA.
"Retail Individual Bidders" or "RIB(s)" or "Retail Individual Investors" or "RII(s)"	Individual Bidders (including HUFs applying through their karta and Eligible NRIs and does not include NRIs other than Eligible NRIs) who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the Bidding options in the Offer.
"Retail Portion"	Portion of the Offer being not less than 35% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders (subject to valid Bids being received at or above the Offer Price), which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares to be Allotted on a proportionate basis
"Revision Form"	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders bidding in the Retail Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.
"Self Certified Syndicate Bank(s)" or "SCSB(s)"	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the 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 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the 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=40, or such other website as may be prescribed by SEBI from time to time. Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI Mechanism is provided as Annexure 'A' to the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43, as updated from time to time.
"Share Escrow Agent"	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely [●].
"Share Escrow Agreement"	The agreement to be entered into amongst our Company, the Selling Shareholders, and the Share Escrow Agent for deposit of the Equity Shares offered by the Selling Shareholders in escrow credit of such Equity Shares to the demat account of the Allottees.
"Sponsor Bank"	The Banker to the Offer registered with SEBI which is appointed by our Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the mandate collect requests and / or payment instructions of the RIBs into the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, the Sponsor Bank in this case being [●].
"Specified Locations"	The Bidding centres where the Syndicate shall accept Bid cum Application Forms from relevant Bidders, a list of which is available on the website of SEBI (www.sebi.gov.in), and updated from time to time.
"Stock Exchange(s)"	Collectively, BSE Limited and National Stock Exchange of India Limited.
"Syndicate Agreement"	Agreement to be entered into among the Company, the Selling Shareholders, the Book Running Lead Managers, and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate.
"Syndicate Members"	Intermediaries (other than the Book Running Lead Managers) registered with SEBI who are permitted to accept bids, application and place orders with respect to the Offer namely, [●].
"Syndicate" or "members of the Syndicate"	Together, the Book Running Lead Managers and the Syndicate Members.

Term	Description
"Systemically Important Non-Banking Financial Company" or "NBFC-SI"	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
"Underwriters"	[●]
"Underwriting Agreement"	The agreement to be entered into amongst the Underwriters, the Selling Shareholders and our Company on or after the Pricing Date, but prior to filing of the Prospectus.
"UPI"	Unified Payments Interface, which is an instant payment mechanism developed by NPCI.
"UPI ID"	ID created on UPI for single-window mobile payment system developed by the NPCI.
"UPI Mandate Request"	A request (intimating the RIB by way of a notification on the UPI application and by way of a SMS directing the RIB to such UPI application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment. In accordance with the SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int mId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time.
"UPI Mechanism"	The mechanism that may be used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars.
"UPI PIN"	Password to authenticate UPI transaction.
"U.S. Securities Act"	The United States Securities Act of 1933, as amended
"Wilful Defaulter"	A wilful defaulter, as defined under the SEBI ICDR Regulations.
"Working Day"	All days, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, Working Day shall mean all days except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circular issued by SEBI.

Technical/Industry Related Terms or Abbreviations

Term	Description
"ATUFS"	Amended Technology Upgradation Fund Scheme
"ATY"	Air Textured Yarn
"BRIC"	Brazil, Russia, India and China
"CAGR"	compound annual growth rate
"CIS"	Capital Investment Subsidy
"Cotton Season" or "CS"	International cotton season
"CSO"	Central Statistics Office
"DGT"	di-glycol terephthalate
"DTY"	Drawn texture yarn
"FDY"	Fully Drawn Yarn
"FTAs"	Free Trade Agreements
"GVA"	Gross Value Added
"HDPE"	High Density Polyethylene
"ICAC"	International Cotton Advisory Committee
"IDY"	Industrial Yarn
"IMF"	International Monetary Fund
"LDPE"	Low Density Polyethylene
"LLDPE"	Linear Low Density Polyethylene
"MEG"	monoethylene glycol
"MEIS"	Merchandise Exports from India Scheme
"MITRA"	Mega investment textile parks scheme
"MMF"	Man-Made Fiber
"MoSPI"	Ministry of Statistics and Programme Implementation
"MTPA"	Metric ton per annum
"NTTM"	National Technical Textiles Mission
"NVH"	Noise Vibration and Harness
"PE"	Polyethylene

Term	Description
"PET"	Polyethylene terephthalate
"PFCE"	Private final consumption expenditure
"PFY"	Polyester Filament yarn
"PLI"	Performance linked incentive
"POY"	Partially oriented yarn
"PP"	Polypropylene
"PSF"	Polyester Staple Fibre
"PSF"	Polyester Staple fibre
"PTA"	purified terephthalic acid
"PVC"	Polyvinyl Chloride
"PX"	Paraxylene
"RMG"	Ready-made garment
"RoDTEP"	Remission of Duties or Taxes on Export Product
"RR-TUFS"	Revised Restructured Technology Upgradation Fund Scheme
"R-TUFS"	Restructured Technology Upgradation Fund Scheme
"SEIS"	Services Exports from India Scheme
"SITP"	Scheme for Integrated textiles park
"SKU"	Stock keeping unit
"SP"	Strategic premium
"SPELSGU"	Scheme for Production and Employment Linked Support for Garmenting Units
"TUFS"	Technology Upgradation Fund Scheme launched by the Ministry of Textiles in 1999 to upgrade technology at textile units.

Conventional and General Terms or Abbreviations

Term	Description
"₹" or "Rs." or "Rupees" or "INR"	Indian Rupees, the official currency of the Republic of India
"AIFs"	Alternative investment funds as defined in and registered under the AIF Regulations
"AIF Regulations"	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
"API"	Application performing interface
"AS"	Accounting standards issued by the Institute of Chartered Accountants of India, as notified from time to time
"BSE"	BSE Limited
"BTI Regulations"	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
"CAGR"	Compounded Annual Growth Rate
"Calendar Year" or "year"	Unless the context otherwise requires, shall refer to the twelve-month period ending December 31
"Category I AIF"	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations
"Category II AIF"	AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations
"Category I FPIs"	FPIs who are registered as "Category I Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category II FPIs"	FPIs who are registered as "Category II Foreign Portfolio Investors" under the SEBI FPI Regulations
"Category III AIF"	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
"CCI"	Competition Commission of India
"CDSL"	Central Depository Services (India) Limited
"CIN"	Corporate Identity Number
"COD"	Commercial Operation Date
"Companies Act"	Erstwhile Companies Act, 1956 and/or the Companies Act, 2013 as applicable
"Companies Act, 1956"	Erstwhile Companies Act, 1956 along with the relevant rules made thereunder
"Companies Act, 2013"	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force
"COVID-19"	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020.
"Cr.P.C."	Code of Criminal Procedure, 1973
"CSR"	Corporate social responsibility
"Depositories Act"	Depositories Act, 1996
"Depository" or "Depositories"	NSDL and CDSL
"DIN"	Director Identification Number

Term	Description
"DP" or "Depository Participant"	A depository participant as defined under the Depositories Act
"DP ID"	Depository Participant's Identification Number
"DPIIT"	Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, GoI
"EBITDA"	Earnings before interest, tax, depreciation and amortisation
"EPS"	Earnings per share
"FDI"	Foreign direct investment.
"FDI Policy" or "Consolidated FDI Policy")	The consolidated FDI policy, effective from October 15, 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India *(earlier known as the Department of Industrial Policy and Promotion*).
"FEMA"	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder.
"FEMA Rules"	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
"FEMA Regulations"	Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017.
"Financial Year", "Fiscal", "FY" or "F.Y."	Period of twelve months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular year, unless stated otherwise.
"FIR"	First information report.
"FPI(s)"	Foreign Portfolio Investor, as defined under the FPI Regulations.
"FPI Regulations"	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
"FIPB"	The erstwhile Foreign Investment Promotion Board.
"FVCI"	Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations.
"Fugitive Economic Offender"	A fugitive economic offender as defined under the Fugitive Economic Offenders Act, 2018.
"FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000.
"GDP"	Gross domestic product.
"GIR Number"	General index registration number.
"GoI" or "Government" or "Central Government"	Government of India.
"GST"	Goods and services tax.
"HUF"	Hindu undivided family.
"IAS Rules"	Companies (Indian Accounting Standards) Rules, 2015, as amended.
"ICAI"	The Institute of Chartered Accountants of India.
"ICSI"	The Institute of Company Secretaries of India.
"ICWAI"	The Institute of Cost & Works Accountants of India.
"ICDS"	Income Computation and Disclosure Standards.
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"India"	Republic of India.
"Ind AS" or "Indian Accounting Standards"	Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Ind AS 24"	Indian Accounting Standard 24, "Related Party Disclosures", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Ind AS 37"	Indian Accounting Standard 37, "Provisions, Contingent Liabilities and Contingent Assets", notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules.
"Insider Trading Regulations"	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
"IPC"	The Indian Penal Code, 1860.
"IPO"	Initial Public Offer
"IPR"	Intellectual property rights.
"IRDAI Investment Regulations"	Insurance Regulatory and Development Authority (Investment) Regulations, 2016.
"IST"	Indian Standard Time.
"IT Act"	The Income Tax Act, 1961.
"IT"	Information Technology.
"LIBOR"	London Inter-Bank Offered Rate
"Listing Agreement"	The equity listing agreement to be entered into by our Company with each of the Stock Exchanges.
"Listing Regulations"	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
"MCA"	Ministry of Corporate Affairs, Government of India.
"MCLR"	Marginal Cost of Funds based Lending Rate

Term	Description
“MICR”	Magnetic ink character recognition.
“Mn” or “mn”	Million.
“N.A.”	Not applicable.
“NACH”	National Automated Clearing House.
“NAV”	Net asset value.
“NBFC”	Non-Banking Financial Company.
“NECS”	National electronic clearing service.
“NEFT”	National electronic fund transfer.
“N.I. Act”	The Negotiable Instruments Act, 1881.
“NPCI”	National Payments Corporation of India.
“NRE”	Non-resident external.
“NRE Account”	Non-resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
“NRI” or “Non-Resident Indian”	Non-Resident Indian as defined under the FEMA Regulations.
“NRO”	Non-resident ordinary.
“NRO Account”	Non-resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
“NSDL”	National Securities Depository Limited.
“NSE”	National Stock Exchange of India Limited.
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the 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 the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer.
“ODI”	Offshore derivative instruments.
“P/E Ratio”	Price/earnings ratio.
“PAN”	Permanent account number allotted under the Income Tax Act, 1961.
“RBI”	Reserve Bank of India.
“Regulation S”	Regulation S under the U.S. Securities Act
“RONW”	Return on Net Worth.
“Rs.” or “Rupees” or “₹” or “INR”	Indian Rupees.
“RTGS”	Real time gross settlement.
“RTL”	Rupee Term Loan
“Rule 144A”	Rule 144 A under the U.S. Securities Act
“SCRA”	Securities Contracts (Regulation) Act, 1956.
“SCRR”	Securities Contracts (Regulation) Rules, 1957.
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act.
“SEBI Act”	Securities and Exchange Board of India Act, 1992.
“SEBI ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
“SEBI Merchant Bankers Regulations”	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999.
“SEBI SBEB Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
“SICA”	The erstwhile Sick Industrial Companies (Special Provisions) Act, 1985.
“STT”	Securities Transaction Tax.
“State Government”	Government of a State of India.
“Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
“U.S.A”/ “U.S.”/ “United States”	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia.
“USD” or “US$”	United States Dollars.
“U.S. GAAP”	Generally Accepted Accounting Principles in the United States of America.
“U.S. QIB”	“Qualified institutional buyer”, as defined in Rule 144A of the U.S. Securities Act.
“U.S. Securities Act”	United States Securities Act of 1933, as amended.
“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.

OFFER DOCUMENT SUMMARY

This section is a general summary of the terms of the Offer, certain disclosures included in this Draft Red Herring Prospectus and are neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections titled "*Risk Factors*", "*The Offer*", "*Capital Structure*", "*Objects of the Offer*", "*Industry Overview*", "*Our Business*", "*Our Promoters and Promoter Group*", "*Financial Statements*", *"Management's Discussions and Analysis of Financial Position and Results of Operations",* "*Outstanding Litigation and Material Developments*", and *"Offer Structure",* on pages 31, 61, 77, 93, 120, 166, 220, 230, 293 and 352, respectively.

Primary business of our Company

We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors. (***Source:*** *CRISIL Report*). All the three yarn verticals are housed under a single corporate entity. This has facilitated our diversification into new segments which in turn has helped us in serving a large number of customers across various sectors. As on September 30, 2021, we have a diversified product portfolio with capability to manufacture more than 12,900 varieties of yarn products with more than 100,000 SKUs that are used in various forms and for varied end uses.

Summary of the Industry in which our Company operates

Indian textile and apparel industry plays an important role in development of economic activity in India. The spinning industry is organized when compared to weaving segment of the industry which is majorly dominated by the decentralized power looms, handlooms, and hosiery production units. The yarn manufacturing industry in India primarily comprises of cotton yarn and man-made fibres yarn (comprising of ~91% polyester). The size of the cotton yarn industry is expected to increase by 5-7% CAGR over FY22-26 reaching Rs 1100-1200 billion by FY26 from 905-910 billion in FY22. In FY21, the polyester filament yarn (PFY) and the polyester staple fibre (PSF) industries were worth Rs 225 billion and Rs 102 billion respectively. From fiscal 2022-2026, the PFY and PSF industries are expected to grow by 4-6% CAGR and 2-4% CAGR in volume respectively.

Names of the Promoters

Our Promoters are Nimbus Trust, D&G Family Trust, A&J Family Trust, P&B Family Trust, Pareshkumar Dattani, Ajaykumar Dattani, Anilkumar Dattani, and Dineshkumar Dattani. For further details, see "*Our Promoters and Promoter Group*" on page 220.

Offer Size

Offer of Equity Shares(1)(2)	Up to [●] Equity Shares, aggregating up to ₹[●] million
of which	
Fresh Issue(1)(3)	Up to [●] Equity Shares, aggregating up to ₹ 5,000 million
Offer for Sale(2)	Up to 11,400,000 Equity Shares, aggregating up to ₹ [●] million by the Selling Shareholders

(1) The Offer has been authorized by our Board pursuant to resolutions passed at its meetings held on November 22, 2021 and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution passed on November 25, 2021. Our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to a resolution at its meeting held on January 3, 2022.

(2) The Offered Shares being offered by the Selling Shareholders in the Offer for Sale are eligible for being offered for sale in terms of Regulation 8 of the SEBI ICDR Regulations. For further details of authorizations pertaining to the Offer for Sale, see "Other Regulatory and Statutory Disclosures" on page 333.

(3) Our Company may, in consultation with the BRLMs, consider undertaking a Pre – IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to compliance with Rule 19(2)(b) of the SCRR.

The Offer shall constitute [●]%, of the post Offer paid up Equity Share capital of our Company.

The above table summarises the details of the Offer. For further details of the offer, see "*The Offer*" and "*Offer Structure*" on pages 61 and 352, respectively.

Objects of the Offer

Our Company proposes to utilise the Net Proceeds towards funding the following objects:

(in ₹ million)

Particulars	Amount*^
Prepayment or scheduled repayment of all or a portion of certain outstanding borrowings availed by our Company	3,250.00
Funding working capital requirements of our Company	650.00
General corporate purposes#	[●]
Total*	[●]

*To be determined upon finalisation of the Offer Price and updated in the Prospectus prior to filing with the RoC.

^Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of securities pursuant to the Pre-IPO Placement, our Company shall utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer.

#The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

For further details, see "*Objects of the Offer*" on page 93.

Aggregate pre-Offer shareholding of our Promoters, Promoter Group and Selling Shareholders

The aggregate pre-Offer shareholding of our Promoters, Promoter Group and Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of our Company is set out below:

Promoter, Promoter Group and Selling Shareholders

S No.	Name of Shareholder	Pre-Offer	
		Number of Equity Shares	**Percentage of total pre-Offer paid up Equity Share capital**
	Promoters		
1.	Nimbus Trust*	10,475,000	14.56
2.	D&G Family Trust**	10,475,000	14.56
3.	A&J Family Trust***	10,475,000	14.56
4.	P&B Family Trust****	10,475,000	14.56
5.	Pareshkumar Dattani	7,012,600	9.75
6.	Ajaykumar Dattani	7,327,650	10.19
7.	Anilkumar Dattani	6,819,700	9.48
8.	Dineshkumar Dattani	7,112,800	9.89
	Total (A)	**70,172,750**	**97.54**
	Promoter Group		
9.	Vallabhdas Dattani	381,250	0.53
10.	Sammir Dattani	363,000	0.50
11.	Vajubhai Investments Private Limited	18,000	0.03
12.	Vallabhdas Dattani HUF	18,000	0.03
13.	Sonali Dattani	168,000	0.23
14.	Dineshkumar Dattani HUF	18,000	0.03
15.	Geeta Dattani	9,000	0.01
16.	Jayshree Dattani	9,000	0.01
17.	Anilkumar Dattani HUF	138,000	0.19
18.	Pareshkumar V Dattani HUF	228,000	0.32
19.	Beena Dattani	266,400	0.37
20.	Mikesh Dattani	150,600	0.21
21.	Ajaykumar Dattani HUF	600	Negligible
22.	Varun Dattani	1,200	Negligible
23.	Sammir Dattani HUF	600	Negligible
24.	Mikesh Dattani HUF	600	Negligible
	Total (B)	**1,770,250**	**2.46**
	Total of Promoter & Promoter Group (A) + (B)	**71,943,000**	**100.00**
	Selling Shareholders		
1.	Pareshkumar Dattani	7,012,600	9.75
2.	Ajaykumar Dattani	7,327,650	10.19
3.	Anilkumar Dattani	6,819,700	9.48
4.	Dineshkumar Dattani	7,112,800	9.89
5.	Vajubhai Investments Private Limited	18,000	0.03
6.	Vallabhdas Dattani HUF	18,000	0.03
7.	Sonali Dattani	168,000	0.23

S No.	Name of Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of total pre-Offer paid up Equity Share capital
8.	Dineshkumar Dattani HUF	18,000	0.03
9.	Beena Dattani	266,400	0. 37
10.	Anilkumar Dattani HUF	138,000	0.19
11.	Pareshkumar V Dattani HUF	228,000	0.32
12.	Mikesh Dattani	150,600	0.21
	Total	**2,92,77,750**	**40.70**

**Held through its trustees i.e., Sonali Dattani and Pareshkumar Dattani.*
*** Held through its trustees i.e., Geeta Dattani and Anilkumar Dattani.*
**** Held through its trustees i.e., Jayshree Dattani and Sammir Dattani.*
***** Held through its trustees i.e., Beena Dattani and Ajaykumar Dattani.*

Select Financial Information

The following details of our Equity share capital, total equity, total equity per equity share and total borrowings for the six months period ended September 30, 2021 and as at and for the Fiscals ended March 31, 2021, March 31, 2020 and March 31, 2019 and total income, restated profit/(loss) for the year and earnings per share (basic and diluted) for the six months period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019 are derived from the Restated Financial Statement:

(₹ in million)

Particulars	As on September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Equity share capital	719.43	719.43	719.43	719.43
Total Equity	8,010.32	6,309.11	4,443.70	3,995.06
Total Income	14,388.80	19,329.70	21,234.99	23,465.26
Restated Profit/(Loss) for the year	1,707.78	1,856.31	460.16	552.26
- Basic Earnings per share (₹)	23.75*	25.80	6.40	7.68
- Diluted Earnings per share (₹)	23.75*	25.80	6.40	7.68
Total equity per equity share (₹)	111.34	87.70	61.77	55.53
Total Borrowings	4,529.00	5,411.63	6,496.05	5,692.01

**Not annualised*

For further details, see "*Other Financial Information*" on page 289.

Qualifications of the Statutory Auditors which have not been given effect to in the Restated Financial Statement

There are no auditor qualifications which have not been given effect to in the Restated Financial Statement.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company, Promoters, Directors, Subsidiaries and Group Company as on the date of this Draft Red Herring Prospectus as disclosed in the section titled "*Outstanding Litigation and Material Developments*" in terms of the SEBI ICDR Regulations and the Materiality Policy is provided below:

Type of Proceedings	Number of cases	Amount* (₹ in million)
Cases against our Company		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	NIL	NIL
Claims related to direct and indirect taxes#	17	228.80^
Other pending material litigation proceedings	NIL	NIL
Total	**17**	**228.80^**
Cases by our Company		
Criminal proceedings	NIL	NIL
Other pending material proceedings	2	373.90
Total	**2**	**373.90**
Cases against our Subsidiaries		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	NIL	NIL
Claims related to direct and indirect taxes#	NIL	NIL

Type of Proceedings	Number of cases	Amount* (₹ in million)
Other pending material litigation proceedings	NIL	NIL
Total	**NIL**	**NIL**
Cases by our Subsidiaries		
Criminal proceedings	NIL	NIL
Other pending material proceedings	NIL	NIL
Total	**NIL**	**NIL**
Cases against our Promoters		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	1	NIL
Disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years.	NIL @	NIL
Claims related to direct and indirect taxes	NIL	NIL
Other pending material litigation	NIL	NIL
Total	**1**	**NIL**
Cases by our Promoters		
Criminal proceedings	NIL	NIL
Other pending material litigation	NIL	NIL
Total	NIL	NIL
Cases against our Directors		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	NIL	NIL
Claims related to direct and indirect taxes	NIL	NIL
Other pending material litigation	NIL	NIL
Total	NIL	NIL
Cases by our Directors		
Criminal proceedings	NIL	NIL
Other pending material litigation	NIL	NIL
Total	NIL	NIL
Cases against our Group Company		
Pending litigation which has a material impact on our Company	NIL	NIL
Total	NIL	NIL
Cases by our Group Company		
Pending litigation which has a material impact on our Company	NIL	NIL
Total	NIL	NIL

**To the extent quantifiable, excluding interest and penalty thereon.*

 # There are three material tax proceeding above the materiality threshold of ₹ 18.56 million.

^ Amount of ₹0.80 million has been written-off in the books of accounts of the Company during Fiscal 2018.

@ The regulatory action taken against Dineshkumar Dattani is disclosed under 'Outstanding Litigation and Material Developments – Actions by statutory or regulatory authorities' on page 327.

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 326.

Risk Factors

Specific attention of the investors is invited to "*Risk Factors*" on page 31 to have an informed view before making an investment decision.

Summary of Contingent Liabilities of our Company

Details of the contingent liabilities (as per Ind AS 37) of our Company as on September 30, 2021 derived from the Restated Financial Statement are set forth below:

(₹ in million)

Sr. No.	Particulars	Contingent liabilities as at September 30, 2021
1.	Income tax demand	24.00
2.	Sales tax matters	28.90
3.	Goods & Service Tax matters	120.40
4.	Service Tax matters	4.00
5.	Central Excise matters	50.70
	Total	**228.00**

For further details of the contingent liabilities (as per Ind AS 37) of our Company as on September 30, 2021, see "*Financial Statements*" on page 230.

Summary of Related Party Transactions

Summary of the related party transactions as per Ind AS 24-Related Party Disclosures, read with the SEBI ICDR Regulations, derived from Restated Financial Statement, is as follows:

(₹ in million)

Name of related parties	Nature of transaction	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Subsidiary companies					
Sanathan Polycot Private Limited	Investments made *	99.00	-	-	-
Universal Texturisers Private Limited	Investments made *	135.00	-	-	-
Universal Texturisers Private Limited	Loan granted *	12.90	-	-	-
(b) KMP					
Ajaykumar V. Dattani	Salaries and wages	15.00	45.03	37.53	26.40
Anil Kumar V. Dattani	Salaries and wages	15.00	65.03	37.53	26.40
Pareshkumar V. Dattani	Salaries and wages	15.00	38.03	37.53	26.40
Sammir Dattani	Salaries and wages	9.90	44.83	26.08	18.00
Dinesh Kumar V. Dattani	Salaries and wages	-	44.83	26.08	18.00
Vallabhdas Dattani	Salaries and wages	-	44.63	14.63	9.60
Varun Dattani	Salaries and wages	-	49.23	12.23	7.20
Mikesh Dattani	Salaries and wages	-	24.63	14.63	9.60
Ajaykumar V. Dattani	Interest expense	2.95	3.95	3.59	3.96
Pareshkumar V. Dattani	Interest expense	3.38	0.47	-	0.91
Anilkumar V. Dattani	Interest expense	0.03	0.77	0.79	4.45
Sammir Dattani	Interest expense	0.60	0.32	2.78	5.75
Dinesh Kumar V. Dattani	Interest expense	-	2.04	1.56	0.64
Ajaykumar V. Dattani	Loan received	27.25	12.15	15.53	18.90
Pareshkumar V. Dattani	Loan received	72.95	3.75	4.58	17.55
Anilkumar V. Dattani	Loan received	-	3.75	5.29	5.10
Dinesh Kumar V. Dattani	Loan received	-	3.75	6.96	9.40
Varun Dattani	Loan received	-	-	4.16	1.75
Ajaykumar V. Dattani	Loan repaid	85.20	3.04	20.16	1.23
Pareshkumar V. Dattani	Loan repaid				

Name of related parties	Nature of transaction	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
		84.07	0.41	-	33.66
Anilkumar V. Dattani	Loan repaid	9.48	10.33	4.36	50.37
Sammir Dattani	Loan repaid	15.75	0.01	55.50	11.23
Vallabhdas Dattani	Loan repaid	-	7.57	1.53	-
(c) Relative of KMP					
Vallabhdas Dattani	Salaries and wages	4.80	-	-	-
Dinesh Kumar V. Dattani	Salaries and wages	9.90	-	-	-
Varun Dattani	Salaries and wages	3.60	-	-	-
Mikesh Dattani	Salaries and wages	4.80	-	-	-
Dinesh Kumar V. Dattani	Interest expense	1.49	-	-	-
Jayshree A. Dattani	Interest expense	0.12	2.28	2.22	1.12
Varun Dattani	Loan received	24.50	-	-	-
Beena Dattani	Loan received	-	-	10.38	-
Dinesh Kumar V. Dattani	Loan received	12.60	-	-	-
Jayashree A. Dattani	Loan received	-	0.60	1.00	13.80
Jyotsana Dattani	Loan repaid	-	-	13.85	-
(d) Enterprise over which KMP are able to exercise significant influence					
Ajay Kumar V. Dattani (HUF)	Loan received	1.00	0.10	11.55	3.50
Vajubhai Investment Private Limited	Loan repaid	4.40	15.08	0.68	-
Dattani Foundation	Contribution towards corporate social responsibility	4.50	17.23	14.43	9.20
Shantaben Dattani charitable trust	Donation - Others	-	0.50	6.00	-
ii) Balances outstanding as at the period / year end:					
Name of related parties	**Nature of balances**	**As at 30 September 2021**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
(a) Subsidiary companies					
Sanathan Polycot Private Limited	Investments **	99.00	-	-	-
Universal Texturisers Private Limited	Investments **	135.00	-	-	-
Universal Texturisers Private Limited	Loan receivable **	12.90	-	-	-

Name of related parties	Nature of transaction	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(b) KMP					
Ajaykumar V. Dattani	Employee related payables	1.63	8.85	-	0.99
Pareshkumar V. Dattani	Employee related payables	1.63	2.50	-	1.50
Sammir Dattani	Employee related payables	1.13	14.16	-	0.99
Anil Kumar V. Dattani	Employee related payables	1.63	18.00	-	1.47
Dinesh Kumar V. Dattani	Employee related payables	-	14.11	-	1.03
Varun Dattani	Employee related payables	-	25.17	-	0.45
Vallabhdas Dattani	Employee related payables	-	21.54	-	0.57
Ajaykumar V. Dattani	Unsecured loan (payable)	-	54.75	45.64	53.50
Sammir Dattani	Unsecured loan (payable)	-	3.23	3.24	55.50
(c) Relative of KMP					
Dinesh Kumar V. Dattani	Employee related payables	1.10	-	-	-
Varun Dattani	Employee related payables	0.44	-	-	-
Vallabhdas Dattani	Employee related payables	0.57	-	-	-
** These transactions are eliminated on consolidation*					
*** These balances are eliminated on consolidation*					
e) Additional disclosure in respect of compensation to KMP					
Particulars		**For the period 1 April 2021 to 30 September 2021**	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
(i) Short-term employee benefits		54.90	356.23	206.23	141.60
(ii) Post-employment benefits		-	-	-	-
(iii) Other long-term benefits (refer note 1 below)		-	-	-	-
(iv) Termination benefits		-	-	-	-
(v) Share based payment		-	-	-	-
Notes:					

1. The remuneration to the KMP and relatives of KMP does not include the provision made for gratuity, as gratuity of the company is determined on an actuarial basis for the said entity as a whole.
2. For personal guarantees and securities given by related parties, refer note 15 of the Restated Financial Statements.

For details of the related party transactions, see "*Financial Statements - Restated Financial Information- Notes to Restated Financial Statement- Note 31- Related Party Transactions*" at page 273.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase of any securities of our Company by any other person during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Details of pre-IPO Placement

Our Company may, in consultation with the BRLMs, consider undertaking a Pre – IPO Placement of securities for a cash consideration aggregating up to ₹ 1,000 million subject to appropriate approvals. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs, and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

Average cost of acquisition for our Promoters and the Selling Shareholders

The average cost of acquisition per Equity Share for shares held by our Promoters and the Selling Shareholders, as at the date of this Draft Red Herring Prospectus, is:

Name of the Promoter(s)	Number of Equity Shares Held	Average cost of acquisition per Equity Share (in ₹)*
Ajaykumar Dattani#	73,27,650	3.64
Anilkumar Dattani#	68,19,700	3.04
Dineshkumar Dattani#	71,12,800	4.55
Pareshkumar Dattani#	70,12,600	4.32
Nimbus Trust**	1,04,75,000	Nil
D&G Family Trust***	1,04,75,000	Nil
A&J Family Trust****	1,04,75,000	Nil
P&B Family Trust*****	1,04,75,000	Nil

 # These Promoters are also Selling Shareholders
** As certified by JMT and Associates, Chartered Accountants, by way of their certificate dated January 5, 2022.*
***Held through its trustees i.e., Sonali Dattani and Pareshkumar Dattani.*
**** Held through its trustees i.e., Geeta Dattani and Anilkumar Dattani.*
*****Held through its trustees i.e., Jayshree Dattani and Sammir Dattani.*
****** Held through its trustees i.e., Beena Dattani and Ajaykumar Dattani.*

Name of Promoter Group Selling Shareholders	Number of Equity Shares Held	Average cost of acquisition per share (in ₹)*
Sonali Dattani	1,68,000	30.36
Vajubhai Investments Private Limited	18,000	5.56
Vallabhdas Dattani HUF	18,000	5.56
Dineshkumar Dattani HUF	18,000	5.56
Beena Dattani	2,66,400	1.12
Anilkumar Dattani HUF	1,38,000	29.71
Pareshkumar V Dattani HUF	2,28,000	31.14
Mikesh Dattani	150600	33.20

** As certified by JMT and Associates, Chartered Accountants, by way of their certificate dated January 5, 2022.*

Weighted average price at which the Equity Shares were acquired by our Promoters and the Selling Shareholders in the one year preceding the date of this Draft Red Herring Prospectus

The weighted average price at which the Equity Shares have been acquired by our Promoters and the Selling Shareholders, in the one year preceding the date of this Draft Red Herring Prospectus is provided below.

Particulars	Number of Equity Shares acquired	Weighted average price per Equity Share (₹)#	
Promoters			
Nimbus Trust*	1,04,75,000	NA	Shares acquired by way of Gift
D&G Family Trust**	1,04,75,000	NA	Shares acquired by way of Gift
A&J Family Trust***	1,04,75,000	NA	Shares acquired by way of Gift
P&B Family Trust****	1,04,75,000	NA	Shares acquired by way of Gift
Pareshkumar Dattani^	Nil	NA	-
Ajaykumar Dattani^	18,000	NA	Shares acquired by way of Gift
Anilkumar Dattani^	15,00,000	NA	Shares acquired by way of Gift
Dineshkumar Dattani^	Nil	NA	-
Promoter Group Selling Shareholders			
Vajubhai Investments Private Limited	Nil	NA	-
Vallabhdas Dattani HUF	Nil	NA	-
Sonali Dattani	Nil	NA	-
Dineshkumar Dattani HUF	Nil	NA	-
Beena Dattani	Nil	NA	-
Anilkumar Dattani HUF	Nil	NA	-
Pareshkumar V Dattani HUF	Nil	NA	-
Mikesh Dattani	600	NA	Shares acquired by way of Gift

^These Promoters are also Selling Shareholders

#As certified by JMT and Associates, Chartered Accountants, by way of their certificate dated January 5, 2022.

**Held through its trustees i.e., Sonali Dattani and Pareshkumar Dattani.*

*** Held through its trustees i.e., Geeta Dattani and Anilkumar Dattani.*

**** Held through its trustees i.e., Jayshree Dattani and Sammir Dattani.*

***** Held through its trustees i.e., Beena Dattani and Ajaykumar Dattani.*

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

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

Split / Consolidation of Equity Shares in the last one year

There has been no split or consolidation of the Equity Shares of our Company in the last one year.

CERTAIN CONVENTIONS, CURRENCY OF PRESENTATION, USE OF FINANCIAL INFORMATION AND MARKET DATA

Certain Conventions

All references to “India” in this Draft Red Herring Prospectus are to the Republic of India and its territories and possession 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.

All references to the “U.S.”, “USA” or “United States” are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless the context otherwise requires or indicates, the financial information and any percentage amounts (excluding certain operational metrics), as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 31, 166 and 293, respectively, and elsewhere in this Draft Red Herring Prospectus have been derived from our Restated Financial Statement.

Restated Financial Statement of our Company and its subsidiaries (the ‘**Group’**), comprising the Restated Consolidated Statement of assets and liabilities as at September 30, 2021, the Restated Consolidated Statement of profit and loss (including other comprehensive income), the Restated Consolidated Statement of changes in equity and the Restated Consolidated Statement of cash flow for the six-months period ended September 30, 2021 and Restated Standalone Statement of assets and liabilities as at March 31, 2021, March 31, 2020 and March 31, 2019, the Restated Standalone Statement of profit and loss (including other comprehensive income), the Restated Standalone Statement of changes in equity and the Restated Standalone Statement of Cash Flows for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 and the summary statement of significant accounting policies, and other explanatory information, and other explanatory information of our Company, derived from the consolidated audited financial statements as at and for the six months period ended September 30, 2021 and standalone financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 prepared in accordance with Ind AS and in accordance with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, relevant provisions of the SEBI ICDR Regulations, and the guidance note on reports on Company prospectuses (revised 2019) issued by the ICAI.

The consolidated financial statements as at and for the six months period ended September 30, 2021 and standalone financial statements for the year ended March 31, 2021 was audited by Walker Chandiok & Co. and the standalone financial statements for the years March 31, 2020 and March 31, 2019 were audited by Narendra Kochar & Co.

Unless stated otherwise or the context requires otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Financial Statements.

For further information on our Company’s financial information, see “*Financial Statements*” on page 230.

Our Company’s financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular financial year or fiscal, unless stated otherwise, are to the 12 month period ended on March 31 of that calendar year. Reference in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

The degree to which the financial information included in this Draft Red Herring Prospectus 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 SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial statements with Indian GAAP, IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For further details in connection with risks involving differences between Ind AS and other accounting principles, see "*Risk Factors – Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows*" on page 54.

Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless the context otherwise requires or indicates, any percentage or amounts (excluding certain operational metrics), with respect to financial information of our Company, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 31, 166 and 293, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of figures derived from the Restated Financial Statement.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as otherwise stated, all figures derived from our Restated Financial Statement in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such 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.

Further, any figures sourced from third party industry sources may be rounded off to other than to the second decimal to conform to their respective sources.

Non-GAAP Measures

Certain non-GAAP measures and other operating matrices like net worth, return on net worth, net asset value per equity share, EBITDA, EBITDA Margin, Operating Profit, Cost of Goods Sold, net tangible assets, Monetary assets, monetary assets as a % of net tangible assets, Total Borrowings to Total equity, Capital Turnover ratio, Restated Profit / (Loss) Margin, ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, these Non-GAAP Measures and other operating matrices are not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit for the period / year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures and other operating matrices between companies may not be possible. Other companies may calculate the Non-GAAP Measures and other operating matrices differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures and other operating matrices are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

Currency and Units of Presentation

All references to:

1. "Rupees" or "INR" or "Rs." or "₹" are to the Indian Rupee, the official currency of Republic of India; and

2. "USD" or "US$" or "$" or "U.S. Dollar" are to the United States Dollar, the official currency of the United States of America;

3. "EUR" or "€" are to the euro, the official currency of the European Union;

4. "CHF" are to the Swiss franc, the official currency of Switzerland; and

5. "JYP" are to the Japanese yen, the official currency of Japan.

Except otherwise specified, our Company has presented certain numerical information in this Draft Red Herring Prospectus in "lakh", "million", "crores" "billion" and "trillion" units. One million represents 1,000,000, one billion represents 1,000,000,000 and one trillion represents 1,000,000,000,000. One lakh represents 100,000 and one crore represents 10,000,000.

Figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Time

All references to time in this Draft Red Herring Prospectus are to Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Exchange Rates

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

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

(in ₹)

Currency	As on October 31, 2021(2) (3)	As on September 30, 2021(2)	As on March 31, 2021(2)	As on March 31, 2020(2)	As on March 31, 2019(1)(2)
1 USD#	74.78	74.26	73.50	75.39	69.17
1 EUR#	87.26	86.13	86.10	83.05	77.70
1 JYP#	65.86	66.35	66.36	69.65	62.52
1 CHF^	82.19	79.41	77.56	78.47	69.64

#Source: www.fbil.org.in
^Source: www.bloomberg.com
(1) Exchange rate as on March 29, 2019, as RBI Reference Rate is not available for March 30, 2019 being Saturday and March 31, 2019 being a Sunday.
(2) All figures are rounded up to two decimals
(3) Exchange rate as on October 29, 2021, as RBI Reference Rate is not available for October 30, 2021 and October 31, 2021 being Saturday and Sunday respectively.

Industry and Market Data

The extent to which industry and market data set forth in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Accordingly, no investment decision should be made solely on the basis of such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in "*Risk Factors*" on page 31.

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus, including in "*Industry Overview*" and "*Our Business*" on pages 120 and 166, respectively, has been obtained or derived from the report titled "Assessment of textile industry with special focus on yarn manufacturing market in India" dated December 28, 2021, prepared by CRISIL and publicly available information as well as other industry publications and sources. The CRISIL Report has been commissioned and paid for by our Company exclusively for the purposes of the Offer for an agreed fee. Further, CRISIL vide their letter dated December 28, 2021 ("**Letter**") has accorded their no objection and consent to use the CRISIL Report. CRISIL, *vide* their Letter has also confirmed that they are an independent agency, and confirmed that it is not related to our Company, our Directors and our Promoters. For further details in relation to risks involving in this regard, see "*Risk Factors – We have commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data provided in the same.*" on page 51.

Disclaimer by CRISIL

CRISIL Research, a division of CRISIL Limited ("CRISIL") has taken due care and caution in preparing this report ("Report") based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this

Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Sanathan Textiles Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL Ratings Limited / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL Ratings Limited / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions", as defined in, and in reliance on Regulation S.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

FORWARD LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain statements which are not statements of historical facts and may be described as “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “are likely”, “believe”, “continue”, “can”, “shall”, “could”, “expect”, “estimate”, “intend”, “may”, “likely” “objective”, “plan”, “project”, “propose”, “seek to”, “will”, “will continue”, “will likely”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. However, these are not the exclusive means of identifying forward looking statements. These forward-looking statements include statements as to our business strategy, plans, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Draft Red Herring Prospectus that are not historical facts. However, these are not the exclusive means of identifying forward looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

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, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities, investments, or the industry in which we operate, 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 domestic laws, regulations, taxes, changes in competition in the industry in which we operate and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

1. The impact of the COVID-19 pandemic and the resulting deterioration of general economic conditions has in the past financial years affected our business and may continue to materially affect our business, results of operations, financial condition, and / or our cash flows in future periods.
2. There are certain proceedings involving our Company, our Subsidiaries, our Promoters, our Directors and Our Group Company which if determined against us, may have an adverse effect on our business, cash flows and results of operations.
3. We are heavily dependent on technology in carrying out our business activities and it forms an integral part of our business. If we face failure of our information technology systems, we may not be able to compete effectively which may result in lower revenue, higher costs and would adversely affect our business and results of operations.
4. Our business depends on our production facility in Silvassa and the loss of or shutdown of operations of the production facility on any grounds could adversely affect our business or results of operations.
5. We may be unable to adequately protect our trademarks, including Sanathan and BORNDYED, and an inability to protect or use our intellectual property rights may adversely affect our business.
6. Our expansion into new product categories and a substantial increase in the number of products offered may expose us to new challenges and more risks.

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*” on pages 31, 166 and 293, respectively. 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 our future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs, assumptions, current plans, estimates and expectations, 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 Book Running Lead Managers, the Selling Shareholders, the Syndicate Members 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 requirements, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Share forming part of the Offer from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. In accordance with the SEBI ICDR Regulations, each of the Selling Shareholders, severally and not jointly, shall ensure (through our Company) that the investors are informed of material developments in relation to statements and undertakings specifically confirmed or undertaken by the respective Selling Shareholders in relation to it and the respective portion of the Offered Shares from the date of this the Draft Red Herring Prospectus, until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below before making an investment in the Equity Shares.

We have described the risks and uncertainties that we believe are material, but these risks and uncertainties may not be the only risks relevant to us, the Equity Shares, or the industry in which we currently operate or propose to operate. Unless specified or quantified in the relevant risk factor below, we are not in a position to quantify the financial or other implication of any of the risks mentioned in this section. If any or a combination of the following risks actually occur, or if any of the risks that are currently not known or deemed to be not relevant or material now actually occur or become material in the future, our business, cash flows, prospects, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. To obtain a more detailed understanding of our business and operations, please read this section in conjunction with the sections titled "Industry Overview", "Our Business", "Key Regulations and Policies" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 120, 166, 180 and 293, respectively, as well as other financial and statistical information contained in this Draft Red Herring Prospectus. Unless otherwise indicated or unless the context requires otherwise, our financial information used in this section are derived from our Restated Financial Statement.

To the extent the COVID-19 pandemic adversely affects our business and results of operations, it may also have the effect of heightening many of the other risks described in this section. In making an investment decision, you must rely on your own examination of us and the terms of the Offer, including the merits and risks involved, and you should consult your tax, financial and legal advisors about the particular consequences of investing in the Offer. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment which may differ in certain respects from that of other countries.

This Draft Red Herring Prospectus 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 but not limited to the considerations described below. For details, see "Forward-Looking Statements" beginning on page 29.

Unless otherwise indicated, industry and market data used in this section has been derived from the CRISIL Report, which has been exclusively commissioned and paid for by us in connection with the Offer and engaged by us on October 11, 2021. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular period, refers to such information for the relevant period.

INTERNAL RISK FACTORS

1. ***The impact of the COVID-19 pandemic and the resulting deterioration of general economic conditions has in the past financial years affected our business and may continue to materially affect our business, results of operations, financial condition, and / or our cash flows in future periods.***

   The COVID-19 pandemic and the subsequent measures by the governments resulted in a significant economic downturn in India and globally, and also led to significant disruptions and volatility in capital and financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time. The World Health Organization, in March 2020, declared the COVID-19 outbreak a pandemic. In an attempt to contain the spread and impact of the COVID-19 pandemic, the authorities throughout the world implemented measures such as travel bans and restrictions, quarantines, stay-at-home and shelter-in place orders, promotion of social distancing, etc.

   The Government of India declared COVID-19 as a "notified disaster" on March 14, 2020 and initially announced a 21-day lockdown on March 24, 2020, which was followed by successive extensions. Further, in March and April 2021, due to an increase in the number of daily COVID-19 cases, several state governments in India re-imposed lockdowns, curfews and other restrictions to curb the spread of the COVID-19 virus. As a result of the detection of new strains and subsequent waves of COVID-19 infections in several states in India as well as throughout various parts of the world, we may be subject to further reinstatements of lockdown protocols or other restrictions, which may adversely affect our business, results of operations, financial condition, cash flows and reputation.

The various lockdowns impacted our sales as products under the textile industry, did not constitute "essential products" and our principal channels of sale were not allowed to function as part of the lockdown imposed by the Government of India and the relevant state governments, thereby inflicting adverse impact on revenue and profitability. Our operations were impacted for nearly two months during the lockdown period due to the COVID-19 restrictive guidelines issued by the respective state Governments.

Our revenue from operations for the six-month period ended September 30, 2021, Fiscal 2021, Fiscal 2020 and Fiscal 2019, was ₹ 14,309.40 million, ₹ 19,183.55 million, ₹ 21,166.00 million and ₹ 23,403.90 million, respectively. The revenue from operations of our Company reduced by 9.37% from Fiscal 2020 to Fiscal 2021 due to business interruption from COVID-19 lockdowns.

The pandemic impacted our business, operations and could affect our future financial performance due to the factors, including, but not limited to the following:

- a portion of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home order, which could result in a slowdown in our operations;

- shut down of our production facility for nearly two months resulting in reduction in production;

- supply chain disruptions for us and our customers which including disruptions in obtaining various forms of transport which led to delays in deliveries and increase in inventories;

- delays in delivery of products, which may negatively impact our cash conversion cycle and ability to convert our backlog into cash;

- delay in receipt of payment from the customers;

- reduction in the import of raw materials. For Fiscal 2021, we imported 18.78% as against 28.15% and 21.39% in Fiscals 2020 and 2019, respectively, of our total raw materials requirement;

- any rescheduling/restructuring of borrowings with financial institutions/banks. We have availed moratoriums for payment deferral of the repayment of instalments with Lansdesbank Baden-Wurttemberg, Bank of Baroda and Union Bank of India. For further details, see *'History and certain corporate matters' and 'Financial Indebtedness' on pages 191 and 323*, respectively;

- uncertainty as to what conditions must be satisfied before government authorities completely lift lockdown orders; and

- the potential negative impact on the health of our employees, particularly if a significant number of them are afflicted by COVID-19, could result in a deterioration in our ability to ensure business continuity during this disruption.

We have incurred, and may continue to incur, certain increased expenses arising from the COVID-19 pandemic, including implementing additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization. However, we will continue to closely monitor the impact that COVID-19 may have on our business, financial condition, liquidity and results of operations. The future impact of the COVID-19 pandemic on our business will depend on a range of factors, which we may not be able to accurately predict, including the duration and scope of the pandemic, the geographies impacted, trade tensions, global supply chain disruptions, and the nature and severity of measures adopted both in India and internationally. In addition, while we will not be able to predict the impact that the COVID-19 pandemic will have on our customers, and their financial condition; any material effect on our customers could adversely impact us. Adverse consequences of, and conditions resulting from, the COVID-19 pandemic may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition even after the COVID-19 outbreak has subsided.

2. ***There are certain proceedings involving our Company, our Subsidiaries, our Promoters, our Directors and our Group Company which if determined against us, may have an adverse effect on our business, cash flows and results of operations.***

There are outstanding legal proceedings involving our Company, Subsidiaries, Promoters, Directors and

Group Company. Brief details of material outstanding litigation are set forth below:

Type of Proceedings	Number of cases	Amount* (₹ in million)
Cases against our Company		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	NIL	NIL
Claims related to direct and indirect taxes#	17	228.80^
Other pending material litigation proceedings	NIL	NIL
Total	**17**	**228.80^**
Cases by our Company		
Criminal proceedings	NIL	NIL
Other pending material proceedings	2	373.90
Total	**2**	**373.90**
Cases against our Subsidiaries		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	NIL	NIL
Claims related to direct and indirect taxes#	NIL	NIL
Other pending material litigation proceedings	NIL	NIL
Total	**NIL**	**NIL**
Cases by our Subsidiaries		
Criminal proceedings	NIL	NIL
Other pending material proceedings	NIL	NIL
Total	**NIL**	**NIL**
Cases against our Promoters		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	1	NIL
Disciplinary actions including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years.	NIL @	NIL
Claims related to direct and indirect taxes	NIL	NIL
Other pending material litigation	NIL	NIL
Total	**1**	**NIL**
Cases by our Promoters		
Criminal proceedings	NIL	NIL
Other pending material litigation	NIL	NIL
Total	NIL	NIL
Cases against our Directors		
Criminal proceedings	NIL	NIL
Actions taken by statutory or regulatory authorities	NIL	NIL
Claims related to direct and indirect taxes	NIL	NIL
Other pending material litigation	NIL	NIL
Total	NIL	NIL
Cases by our Directors		
Criminal proceedings	NIL	NIL
Other pending material litigation	NIL	NIL
Total	NIL	NIL
Cases against our Group Company		
Pending litigation which has a material impact on our Company	NIL	NIL
Total	NIL	NIL
Cases by our Group Company		
Pending litigation which has a material impact on our Company	NIL	NIL
Total	NIL	NIL

**To the extent quantifiable, excluding interest and penalty thereon.*

 # There are three material tax proceeding above the materiality threshold of ₹ 18.56 million.

^ Amount of ₹0.80 million has been written-off in the books of accounts of the Company during Fiscal 2018.

@ The regulatory action taken against Dineshkumar Dattani is disclosed under 'Outstanding Litigation and Material Developments – Actions by statutory or regulatory authorities' on page 327.

For further details of the outstanding litigation proceedings, see "*Outstanding Litigation and Material Developments*" on page 326.

On July 27, 2020 Dineshkumar Dattani received a letter from SEBI stating that it had introduced a Settlement

Scheme (the "**Scheme**") in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations 2018. The Scheme provided a onetime settlement opportunity to the entities who had executed trade reversals in the stock options segment of BSE Limited between the period April 1, 2014 and September 30, 2015 and against whom enforcement proceedings were initiated by SEBI. The letter further alleged that Dineshkumar Dattani had carried out the trade reversals in the stock options segment of BSE during the aforementioned period for which the said proceedings were initiated against him. The letter also stated that in case Dineshkumar Dattani wishes to avail the benefit of the Scheme, he may settle the proceedings. As on the date of this DRHP, Dineshkumar Dattani has not availed the benefit under this Scheme. For further details, please see "*Outstanding litigation and material developments*" on page 326.

3. ***We are heavily dependent on technology in carrying out our business activities and it forms an integral part of our business. If we face failure of our information technology systems, we may not be able to compete effectively which may result in lower revenue, higher costs and would adversely affect our business and results of operations.***

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

4. ***Our business depends on our production facility in Silvassa and the loss of or shutdown of operations of the production facility on any grounds could adversely affect our business or results of operations.***

Our production facility is subject to operating risks such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, raw material shortage or unsuitability, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of our external contractors, earthquakes and other natural disasters, pandemic, social unrests, industrial accidents, our ability to respond to technological advances and emerging industry and safety standards and practices in the industries in which we operate and propose to operate on a cost-effective and timely basis and any other factors which may or may not be within our control and also we need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition, results of operations and the trading price of our Equity Shares may be adversely affected by any disruption of operations at our facilities, including due to any shutdown of our operations due to any COVID-19 restrictive guidelines.

Further, due to the geographic concentration of our manufacturing units in Silvassa, our operations are susceptible to local and regional factors, such as accidents, system failures, civil unrest as well as other adverse social, economic and political events in India, weather conditions, natural disasters, regional conflicts and demographic and population changes, and other unforeseen events and circumstances which may disrupt our production and significantly affect our business, financial condition and profitability.

5. ***Our Company's logo is not a registered trademark and we may be unable to adequately protect our trademarks, including Sanathan and BORNDYED, and an inability to protect or use our intellectual property rights may adversely affect our business.***

Our Company's logo is not a registered trademark and accordingly, we may not be able to safeguard it from infringement or passing off. Further, we currently own two trademarks, Sanathan and BORNDYED and have ten trademarks pertaining to our brand name, all of which have been applied for but are pending registration under the Trade Marks Act, 1999, as amended.

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

In relation to our other pending applications, third-parties may seek to oppose or otherwise challenge these registrations. As a result, we may not be able to prevent infringement of our trademarks and a passing off action may not provide sufficient protection until such time that this registration is granted. In addition, our current and future trademarks are subject to expiration and we cannot guarantee that we will be able to renew all of them prior to expiration. Our inability to renew registration of certain trademarks and loss of such trademarks could have an adverse effect on our business, results of operations, financial condition and cash flows. For further details, see "*Government and Other Approvals*" on page 330.

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 tradename or brand names. Although there have not been such incidents in the past, any such activities may harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition. Currently, we do not have any form of intellectual property protection in relation to the designs of our products and consequently do not enjoy the statutory protections accorded to such designs in India and cannot prohibit the use of such designs by anybody by means of statutory protection. Any unauthorized usage by a third party of logo that is being used by us may create confusion in the market as to our identity and/or may have a material adverse effect on our reputation, goodwill, business prospects and results of operation too. Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may decrease.

Further, while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights. Any claims of intellectual property infringement from third parties, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. The risk of being subject to intellectual property infringement claims will increase as we continue to expand our operations and product offerings. As a result of such infringement claims, we could be required to pay third party infringement claims. The occurrence of any of the foregoing could result in unexpected expenses.

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

We currently operate our yarn business under three distinct business verticals, namely, a) Polyester yarn products; b) Cotton yarn products; and c) Yarns for technical textiles and industrial uses. We have a diversified product range with a high share of value-added products such as dope dyed, superfine / micro, functional, industrial and technical yarn, cationic dyeable and specialty yarn which are produced after extensive in-house research. Revenue generated from sale of our Manufactured Products represented 97.09%, 98.12%, 99.83% and 99.72% of our total income for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019 respectively. We continuously develop new products and have recently set up a new business– recycled yarn under the polyester yarn products vertical, in which we have limited experience and where we buy chips made from recycled material and convert them into yarns for fabrics. Our limited experience with such new products may expose us to new challenges which may in turn also impact our product mix and revenues in future. We experience sales returns and quality compensation regularly in our normal course of business. Further, our customers may reject the entire order if the products developed are not as per their expectations and we run the risk of recall and any product liability due to defects in our products. Therefore, our past results of operations should not be taken as indicative of our future performance. If we cannot successfully manage our product mix, address new challenges or compete effectively, we may not be able to recover costs of our investments and eventually achieve profitability, and our future results of operations and growth prospects may be materially and adversely affected.

7. ***We do not have long-term agreements with a majority of our customers. Any changes or cancellations to our orders or our inability to forecast demand for our products may adversely affect our business, results of operations and financial condition.***

We do not have firm commitments or long-term supply agreements with a majority of our customers and instead rely on purchase orders. Many of the purchase orders we receive from our customers specify a price per unit and delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. However, such orders may be amended or cancelled prior to finalisation, and should such an amendment or cancellation take place, it may adversely impact our production schedules. Cancellations or unanticipated variations or scope or schedule adjustments may occur due to unforeseen circumstances. The occurrence of any such events may lead to the cancellation of orders or the deferment of revenue, which may adversely affect our business, results of operations and financial condition.

Additionally, as we do not bind a majority of our customers to any long-term agreements specifying a certain volume of business required to be transacted between us, our customers may terminate their relationship with us, with or without cause, with no advance notice and without compensation. Consequently, there is no commitment on the part of the customer to continue to place new purchase orders with us and as a result, our sales from period to period may fluctuate significantly.

Further, absence of any contractual exclusivity in relation to our business arrangements with our customers poses a threat on our ability to be able to continue to supply our products to these customers in the future. If we overestimate demand, we may incur additional raw materials costs and manufacture a higher of number of products than required. Similarly, if we underestimate demand, we may not procure sufficient raw material in a timely manner, which could impact our production and delivery schedules. Any significant inaccuracy in demand forecasting may adversely impact our ability to deliver products to customers in a timely manner, or at a competitive cost, which may adversely affect our business, results of operations and financial condition.

8. ***If we are unable to gauge the demand of our products accurately and are unable to maintain an optimal level of inventory, 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 our forecast could result in either surplus stock, which we may be unable to sell in a timely manner, or at all, or under-stocking, which will affect our ability to meet customer demand. We plan our inventory and commence our production based on the forecast and anticipated demand. We have inventory manufactured and stored at our warehouses and seek to maintain an optimal level of inventory which is important to our business as it allows us to respond to customer demand effectively.

As of September 30, 2021 and as of March 31, 2021, 2020 and 2019, our inventory as a percentage of our current assets was 45.65%, 40.73%, 46.08%, and 53.03%, respectively. Our inventory cycle (i.e., inventory turnover days) were 139 days (not annualised) 89 days, 65 days, and 53 days, in the six-months ended September 30, 2021 and in Fiscal 2021, 2020 and 2019, respectively. Given the nature of our business, we end up blocking substantial amount of funds while managing the inventory. Such blocked amounts are realised only at a later date due to the inventory cycle. Ensuring availability of our products requires prompt turnaround time and a high level of coordination amongst our personnel, including the purchase team, production team, sales and marketing team, quality control team and production team. 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 under-stock inventory, our ability to meet customer demand may be impaired. If we over-stock inventory, our capital requirements may increase and we may incur additional financing costs. Any unsold inventory may have to be sold at a discount or discarded, potentially 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.

9. ***We do not have long term agreements for supply of our raw materials. If we are unable to procure raw materials of the required quality and quantity, at competitive prices, our business, results of operations and financial condition may be adversely affected.***

We are dependent on third party suppliers for certain raw materials, such as, PTA, MEG, IDY chips and raw cotton, which are the primary raw materials used in the manufacture of our products. In Fiscal 2021 and in the six-months ended September 30, 2021, we sourced raw materials from approximately 841 suppliers and 718 suppliers, respectively. We procure a large portion of our raw materials from a few key suppliers, any disruption of supply of raw materials from such suppliers could adversely impact our operations and business if we are unable to replace such suppliers in a timely manner. We cannot assure you that we will be able to enter into new arrangements with suppliers on terms acceptable to us, which could have an adverse effect on our ability to source raw materials in a commercially viable and timely manner, if at all, which may impact our business and profitability. For the six-month period ended September 30, 2021, Fiscals 2021, 2020 and 2020 and, purchases from our top five suppliers amounted to ₹ 6,849.79 million, ₹ 8,450.86 million, ₹ 10,007.07 million and ₹ 13,802.81 million, respectively, and represented 68.43%, 67.75%, 65.72% and 78.34% of our total raw material costs. Thus, if we experience significant increased 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. We are also subject to the risk that one or more of our existing suppliers may discontinue their operations, which may adversely affect our ability to source raw materials at a competitive price. Further, the amount of raw materials procured and the price at which we procure such materials, may fluctuate from time to time and the availability and price of our raw materials 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 textile industry in general.

The prices of domestic cotton in India, which is the raw material for cotton yarn products, fluctuate based on the demand and supply and is seasonal in nature. The supply and quality of cotton is subject to adequate rainfall and other weather conditions. Due to this, we are required to stock domestic cotton in large quantities. Any material shortage or interruption in the domestic supply or decrease in the quality of cotton due to shortage of rainfall or other factors like the widespread floods, or an unprecedented event like COVID-19 in the year 2020 causing immeasurable economic consequences could affect our ability to timely deliver to our customers which may adversely affect our operations and business.

For the six-month period ended September 30, 2021 and for the Fiscals 2021, 2020 and 2019, 27.60%, 18.78%, 28.15% and 21.39%, respectively, of our total raw materials consumed, were imported. Our imports may be subject to foreign exchange fluctuations, political instability, etc. The sourcing and procurement of the raw materials requires a particular skill set which ensures that the quality of raw materials is consistent. An inability to procure quality raw materials on a consistent basis may lead to a decline in the quality of our products which made lead to an increase in the cost of the product, decline in our sales volumes and profit margins and adversely affect our results of operations.

Although there have not been any instances in the past where we have faced a shortage of raw materials, 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. 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 and adversely affect our results of operations.

10. ***Our Statutory Auditors have included certain emphasis of matters in the auditors' report on our audited financial statements and have modified their opinion in the auditor's report on the internal financial controls of the Company for the Fiscal ending March 31, 2021.***

Our Statutory Auditors have included certain emphasis of matters in the auditors' reports on our audited financial statements for the Fiscal ending March 31, 2021. The opinion of the Statutory Auditors is not modified in respect of the following matters:

Attention has been drawn to the restatement made to the comparative financial statements by the management of the Company in accordance with the principles of Ind AS 8 'Accounting policies, changes in accounting estimates and errors' for correction of certain material prior period errors.

Further, our Statutory Auditors had issued modified opinion on the internal financial control in their independent auditor's report on the Internal Financial Controls with reference to the financial statements for the year ended March 31, 2021 as below pertaining to certain material errors which were rectified in the statutory accounts of the Company in the year ended March 31, 2021 by restating the comparative amounts as at and for the year ended March 31, 2020 and the opening balances of assets, liabilities and equity (i.e., April 1, 2019):

A. *Our Company did not have an appropriate internal control system over timely recording of payments in the books of account, which could potentially result in material misstatements of financial* *liabilities, bank balances and its consequential impact on related disclosures in the financial statements.*

B. *Our Company's internal financial controls over evaluation of estimated useful life and capitalization of property, plant and equipment, were not operating effectively which could potentially result in material misstatements in the carrying value of property, plant and equipment, deferred government grant, depreciation expenses and its consequential impact on earnings, reserves and related disclosures in the financial statements.*

C. *Our Company's internal financial controls over accounting for government grants, were not operating effectively which could potentially result in material misstatement in the value of deferred government grant and its consequential impact on earnings, reserves and related disclosures in the financial statements.*

D. *Our Company's internal financial controls over recording of purchases and recognition of revenue basis the contractual terms for such purchases and export sales, were not operating effectively which could potentially result in material misstatements in the value of purchases, inventory, cost of material consumed, changes in inventory of finished goods, stock in trade and work in progress, trade payables, revenue, trade receivables and its consequential impact on earnings, reserves and related disclosures in the financial statements.*

For further details, please refer note 44 of the Restated Financial Statement on page 287.

While the emphasis of matter and the modified report on internal financial control do not require any additional adjustments to the Restated Financial Statement, there is no assurance that our audit reports for any future fiscal periods will not contain qualifications, matters of emphasis or other observations which affect our results of operations in such future periods.

Investors should consider the remarks and statements in evaluating our financial condition, results of operations and cash flows. Any such remarks or statements in the audited financial or reports in the future may also adversely affect the trading price of the Equity Shares.

11. ***Our business, results of operations and financial condition may be adversely affected if operations at the facilities of our raw material suppliers are disrupted.***

The facilities of our raw material suppliers are subject to various operating risks, including some of which are beyond their control, such as the breakdown and failure of equipment, industrial accidents, employee unrest, severe weather conditions and natural disasters. Further, since a significant majority of the facilities of our raw materials suppliers are located in a particular region in India, any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect operations at our raw materials suppliers' facilities. Further, if our suppliers fail to comply with applicable laws, including environmental laws, they risk having their facilities shut down, which may adversely affect our operations.

The occurrence of any such event may adversely affect our business, results of operations and financial condition. We cannot assure you that we will always be able to arrange alternate sources of our raw materials, at prices acceptable to us, or at all, or that we will be able to pass on any increase in cost to our customers, although we endeavour to do so. Any inability on our part to arrange for alternate sources for raw materials, on commercially acceptable terms, may have an adverse effect on our business, results of operations and financial condition.

12. ***We are dependent on third party logistic and support service providers for the delivery of raw materials and finished products and any disruptions in their services including transportation services or a decrease in the quality of their services may adversely affect our business, financial condition and results of operations.***

We rely on third party logistic and support service providers including for transportation services at multiple stages of our business activities, including for procurement of raw materials from our suppliers and for transportation of our finished products from our manufacturing facility to our customers and warehousing facilities. We generally use water and road transportation services to meet our transportation requirements.

We typically engage and hire globally recognized service providers through the spot contracts basis factors including cost, availability and delivery schedules. We invite fresh quotations from the relevant service providers which are negotiated separately in relation to each spot contract. Accordingly, our transportation costs may vary and are based on rates that are offered to us from time to time. During the COVID-19 pandemic, the water and road transportation services were not easily available which led to delays in deliveries. Further, there were instances where the time taken for delivery was more than the time it would have otherwise taken. Our business is also vulnerable to increased transportation costs or delivery delays due to various factors, including increase in fuel costs, freight rates, increase in port, road and toll taxes, shipping congestions, damage or losses of goods in transit, disruption of transportation services because of weather related problems, strikes, lock-outs, accidents, inadequacies in waterways and road infrastructure, currency fluctuations, changes in tariff or import policies, political uncertainty or other similar events.

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

Our operations and profitability are dependent upon the availability of reliable logistic and support services in a timely and cost-efficient manner and any disruption in these services including transportation services or increase in their cost may affect our business, financial condition and results of operations.

13. ***Improper storage, processing and handling of raw materials and finished products may cause damage to our inventory leading to an adverse effect on our business, results of operations and cash flows.***

Our inventory of raw materials include PTA, MEG, IDY chips and raw cotton. Our raw materials, manufacturing processes and finished products are susceptible to pilferages, damages and manufacturing defects, if not appropriately stored, handled and processed, which may affect the quality of the finished product. In the event such a contamination is detected at the facility during quality checks, we may be required to repair the machines and discard the batches resulting in a temporary suspension of manufacturing activities and lower capacity utilizations, which could materially and adversely affect our business, financial condition, results of operations, or cash flows. Improper storage may also result in higher than usual spoilage of inventory, which may also require us to incur additional expenses in replacing that portion of the inventory and/ or incur additional expenses in maintenance and improvement of our storage infrastructure, which may adversely affect our profit margins.

14. ***We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition. Further, there may be disruption of their services or quality issues which may affect our business, results of operations and profitability.***

We engage independent contractors through whom we engage contract labourers for performance of certain functions at our manufacturing facility. Although we do not engage these labourers directly, we are responsible for any wage and statutory payments to be made to such labourers in the event of default by such independent contractors. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Any need to fund their wage requirements may have an adverse impact on our results of operations and our financial conditions. In addition, we may be liable for or exposed to litigations, sanctions, penalties or losses arising from accidents or damages caused by our workers or contractors.

Further, we engage contract manufacturers for fulfilment of our orders. During unprecedented events like COVID-19 in the year 2020 which caused immeasurable economic consequences and events that could affect our ability to timely deliver our products to our customers. We cannot assure you that during such events, we will be able to meet our demands or at all, and further, we also cannot assure you that such contract manufacturers will sustain the quality control level that are inherent in our production cycle. Any inability to sustain the demand or the quality of the manufactured products, may affect our business, results of operations and profitability.

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

As on October 31, 2021, the total outstanding fund based indebtedness of our Company is ₹ 4,350.35 million and non-fund based indebtedness is ₹ 4,151.57 million. In addition to the indebtedness for the existing operations of our Company, we may incur further indebtedness during the course of our business and in order to expand the production capacity. We cannot assure you that our Company 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.

We have availed moratoriums for payment deferral of the repayment of instalments with Lansdesbank Baden-Wurttemberg, Bank of Baroda and Union Bank of India. For further details, see "*History and certain corporate matters*" on page 191. Further, any failure to service the indebtedness of our Company or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations. For details of our indebtedness, please refer to the chapter titled - "*Financial Indebtedness*" on page 323 of this Draft Red Herring Prospectus.

16. ***Our Promoters, Promoter Group, Directors and Key Managerial Personnel of our Company and Subsidiaries may enter into ventures that may lead to real or potential conflicts of interest with our business which in turn may materially adversely impact our business, financial condition, results of operations and cash flows.***

One of our Promoter Group entities - Ramniklal Nandlal Bros. is involved in a similar line of business which may have a potential conflict of interest with our business considerations or otherwise. Further, our Promoters, Promoter Group, Directors and Key Managerial Personnel of our Company and Subsidiaries, may enter into ventures that may potentially compete with us. Currently, the business of our Subsidiaries is in the same line of business as that of our Company. Interests of such persons may conflict with the interests of our Company and they may, for business considerations or otherwise, cause us to take actions, or refrain from taking actions, in order to benefit themselves, which may conflict with the best interests of our Company or that of our other Shareholders, which in turn may materially adversely impact our business, financial condition, results of operations and cash flows.

17. ***Reliance has been placed on declarations furnished by Pareshkumar Dattani, our Promoter, for details of his profile included in this Draft Red Herring Prospectus***

Our Promoter, Pareshkumar Dattani, has been unable to trace copies of certain documents pertaining to his educational qualifications. While he has taken the requisite steps to obtain the relevant supporting documentation, including by making written requests and applications to his educational institutions, he may not been able to procure the relevant supporting documentation. Accordingly, our Company and the BRLMs have placed reliance on the declarations furnished by Pareshkumar Dattani and copies of applications made by him to procure documents evidencing their educational qualifications, to disclose such details in this Draft Red Herring Prospectus and neither we, nor the BRLMs have been able to independently verify these details in the absence of primary documentary evidence. Further, there can be no assurances that he will be able to trace the relevant documents pertaining to his educational qualifications in the future, or at all. Therefore, we cannot assure you that all or any of the information relating to the educational qualifications of Pareshkumar Dattani included in "*Our Management*" on page 197 is accurate.

18. ***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. Further, we have obtained various certifications or accreditations and cancellation of which could adversely impact our business and financial condition***

Our business is subject to government regulations and we require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we may not be in compliance with certain conditions prescribed by such approvals or licences. Our failure to obtain such licences and approvals and comply with the applicable laws and regulations could lead to imposition of sanctions by the relevant authorities, including penalties. For further details, see "*Government and Other Approvals*" on page 330.

Further, fresh and renewal applications for approvals, licenses, registrations and permissions for operating our business need to be made within certain timeframes. While we have made fresh applications for few approvals and licenses, we cannot assure you that we will receive these approvals in a timely manner or at all. Further, in future we will be required to apply for the renewal of approvals and permits for our business operations to continue. If we are unable to make applications and renew or obtain necessary permits, licenses and approvals on acceptable terms, in a timely manner or at all, we may be required to shut down or relocate our offices or warehouses and face other consequences due to which our business operations may be adversely affected.

19. If we are unable to attract new customers, retain customers at existing levels or sell additional products to our existing customers, our revenue growth will be adversely affected.

To continue to grow our business, it is important that we continue to acquire new customers. Our success in adding new customers depends on numerous factors, including our ability to offer various value-added products, execute our sales and marketing strategy, attract, effectively train, and retain new sales, marketing, professional services, and support personnel, develop or expand relationships with distributors, expand into new geographies and verticals, effectively manage and forecast our customer count, and expand our use cases for our existing customers.

It is important for our continued growth that we retain our existing customers. Our customers have no long-term contracts or obligation to purchase our products at the same prices and terms or at all. Our customer retention may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our products, our prices, reduction in our customers' spending levels, availability of cheaper substitutes, etc. Our ability to increase revenue also depends in part on our ability to increase the number of value-added products to be offered to our existing and new customers.

20. We may not be able to successfully manage the growth of our business if we are not able to effectively implement our strategies.

From March 31, 2019 to September 30, 2021, we increased our capacities from 212,425 MTPA to 221,050 MTPA. We cannot assure you that our growth strategies will be successful or that we will be able to continue to expand further, or at the same rate.

Our inability to execute our growth strategies in a timely manner or within budget estimates or our inability to meet the expectations of our customers and other stakeholders, could have an adverse effect on our business, results of operations and financial condition. Our future prospects will depend on our ability to grow our business and operations. The development of such future business could be affected by many factors, including general, political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates and price of equipment and raw materials. Further, in order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Failure to manage growth effectively could adversely affect our business and results of operations.

21. We export our products to various countries, on account of which we may be subject to significant import duties or restrictions. Further, unavailability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations.

Revenues from exports were ₹ 1,768.90 million, ₹ 2,418.73 million, ₹ 3,843.73 million and ₹ 3,973.77 million and represented 12.36%, 12.61%, 18.18% and 16.98%, respectively, of our total revenue from operations for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019, respectively. Our key overseas markets include Argentina, South Korea, Brazil and Turkey. These countries impose varying import duties on our products. There can be no assurance that the import duties will not increase or new restrictions will not be imposed by such countries. Any substantial increase in such duties or imposition of new restrictions may adversely affect our business, financial condition and results of operations.

Export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries. India is also a party to, and is currently negotiating, free trade agreements with several countries and if we export our products to such countries, any revocation or alteration of those bilateral agreements may also adversely affect our ability to export. Occurrence of any of these events may adversely affect our business, financial condition and results of operations. Further, changes in import policies or an economic slowdown in countries to which we export our products may have a significant adverse impact on our business, financial condition and results of operations.

Further, the GoI notifies policies providing fiscal benefits on exports and imports from time to time and any discontinuance or non-availability of such fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations. For instance, we enjoyed certain fiscal benefits under the erstwhile Merchandise Exports from India Scheme ("**MEIS**"), pursuant to which, we could use duty credit scrips for payment of import duty obligations or sell such duty credit scrips in the open market to other importers. However, the Ministry of Finance, GoI has withdrawn MEIS with effect from January 1, 2021 and announced a scheme for remission of duties and taxes on export products ("**RoDTEP Scheme**") for exporters. Under the RoDTEP Scheme, for cotton yarn products, we are entitled to benefits from 3.8% subject to maximum of 11.20 per kg as compared to 3% under MEIS. Further, while MEIS was eligible for exports from SEZs and exports under an advance license, the RoDTEP Scheme is not eligible for such exports. In the past, we have also received favourable regulatory schemes such as TUFS. Additionally, we apply for an advance license allowing duty free import of input material used for our manufacturing activities under the Foreign Trade Policy of India 2015-2020, which imposes certain export obligations on us. We also obtain the export promotion capital goods license for the import of capital goods. We cannot assure you that we will successfully obtain such a license every time and/or will subsequently be able to comply with the requirements prescribed thereunder.

22. ***Our relationship with our distributors is critical to our business. If we are unable to maintain successful relationships with our distributors, our business, results of operations and financial condition may be adversely affected.***

As on September 30, 2021, we had more than 295 distributors in more than 37 countries including India, such as Argentina, Brazil, South Korea, *etc*. We rely significantly on our distributors to sell our products and we expect that sales through such distributors will continue to account for a significant percentage of our revenues. Our distributors market and distribute our products to various end users in India and abroad.

Our distributors may discontinue their association without any notice and with little or no penalty. Further, new distributors would require extensive training in relation to the sale of our goods which would entail a substantial period of time to achieve the desired level of sales. The loss of a considerable number of distributors and the inability to replace them or the failure to recruit additional distributors could materially and adversely affect our results of operations and cash flows and also the pricing of the products offered by us which may in turn materially and adversely affect our business prospects, financial condition, results of operations and cash flows. It is also possible that, from time to time, our distributors may violate the terms of our arrangements, such as the pricing terms, and hence we may need to sever ties with certain of our distributors. We have in the past may also in the future, become aware of fraud and financial irregularities on behalf of our distributors which may have legal or financial implications for us.

23. ***Inability to innovate or failure to adapt to changes in our industry may adversely affect our business, financial condition, cash flows and results of operations.***

We are constantly innovating and adapting and believe that our future success will depend on our ability to adapt and innovate. We believe that to attract new customers and increase revenue from our existing customers, we will need to enhance and improve our current products on an ongoing basis and introduce new products based on continuing changes in technology, industry standards and client preferences. Due to the inherent limitations in such a process, the new products that we seek to develop may not be introduced in a timely or cost-effective manner and may contain errors or defects. We have experienced delays in our internally planned introduction of new products in the past and there can be no assurance that the products we seek to introduce in the future, will be released according to schedule. We currently considerably depend on technology and may also invest in various technologies that we believe will enhance our production process and enable us to introduce new products. However, we may not be able to integrate some technologies successfully or achieve the expected benefits of such technologies. If we are unable to integrate new technologies to the current technology, the products manufactured by us may not meet the needs of our existing or potential customers in a timely and effective manner, or if a customer is not satisfied with the standard of our products, we could incur additional costs to address the situation and our business, results of operations and financial performance could be adversely affected. An inability to recognise and incorporate evolving technology for the improvement of our products, whether due to technology capability or capital constraints could also have a significant adverse impact on our business and competitive advantage.

24. ***We may need to seek additional financing in the future to support our growth strategies. Any failure to raise additional financing could have an adverse effect on our business, results of operations, financial condition and cash flows.***

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

25. ***Any downgrading of our credit rating by a domestic or international credit rating agency may increase interest rates for our future borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.***

Our current credit ratings have been assigned by India Ratings & Research who have assigned IND A-/Stable to our fund-based working capital limits, IND A2+ to our non-fund based working capital limits and IND A-/Stable to our term loan.

Our credit rating may be downgraded in the future due to various factors, including factors which may be outside our control. Any future downgrade of our credit ratings may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and may have an adverse effect on our future issuances of debt and our ability to borrow on a competitive basis. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of repayment of certain of our borrowings. If any of these risks materialise, it could have a material adverse effect on our business, reputation, results of operations and financial condition.

26. ***Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.***

We believe that maintaining, promoting and enhancing our "*Sanathan*" and "BORNDYED" brands is critical to maintaining and expanding our business. Maintaining and enhancing our brands depends largely on our ability to continue to provide quality, well-designed, useful, reliable, and differentiated products, which we cannot assure you we will do successfully on a continuous basis.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide our products at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our products through our direct sales force and distributors. We have incurred and expect to incur significant costs and expenses to market our brand and we intend to continue such efforts. We cannot assure you, however, that our sales and marketing expenses will lead to increasing revenue, and even if they did, such increases in revenue might not be sufficient to offset the expenses incurred.

27. ***Any failure in our quality control processes may have an adverse effect on our business, results of operations and financial condition.***

Our products may contain quality issues or undetected errors or defects, especially when first introduced or when new products are developed, resulting from the design or manufacture of the product or raw materials used in the product. We experience sales returns and quality compensation regularly in our normal course of business. We have implemented quality control processes and regularly conduct inspections of raw materials sourced from suppliers and finished products manufactured by us on the basis of our internal quality standards. However, we cannot assure you that our quality control processes will not fail or the quality tests and inspections conducted by us will be accurate at all times. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality assurance procedures, negligence, human error or otherwise, may damage our products and result in deficient products. We also face the risk of legal proceedings and product liability claims being brought against us by our customers for defective products sold. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs in defending such claims.

28. ***If our third-party service providers and key suppliers are not able to or do not fulfil their service obligations, our operations could be disrupted and our operating results could be harmed.***

We depend on a number of third-party service providers such as service providers that provide road transport, contract labour, maintenance of our information technology systems, packaging material suppliers, etc. and key suppliers, who are critical to our operations. These third-party service providers and key suppliers are essential in our production process. Our operations could be disrupted if we do not successfully manage relationships with such third-party service providers and key suppliers, if they do not perform or are unable to perform agreed-upon services, or if they are unwilling to make their services available to us at reasonable prices. If such third-party service providers and key suppliers do not perform their service obligations, it could adversely affect our reputation, business, financial condition and results of operations.

29. ***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. 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 could have a material adverse effect on our Company's results of operations and financial condition. For the six-month period ended September 30, 2021 and the Fiscals 2021, 2020 and 2019 our trade receivables were ₹ 1,525.41 million, ₹ 1,294.91 million, ₹ 1,011.64 million and ₹ 1,148.73 million, respectively.

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.

30. ***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 for our day-to-day operations before payment is received from our customers. 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. Our working capital days for Fiscals 2021, 2020 and

2019 were 54 days, 38 days and 24 days, respectively. 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 take provisions for bad debts, including those arising from such defaults based primarily on ageing and other factors such as special circumstances relating to special customers. There can be no assurance that such payments will be remitted by our customers 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. We may also have a higher inventory level at our facilities due to various factors such as, delay in deliveries to the customers, natural disasters, pandemic, government imposed restrictions, etc.

All of these factors may result, in increase in the amount of receivables, inventory 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.

31. ***We propose to utilize a portion of the Net Proceeds for prepayment or scheduled repayment of a portion, of certain outstanding borrowings availed by us, and for funding working capital requirements of our Company and accordingly, the utilization of the Net Proceeds will not result in creation of any tangible assets.***

Our Company intends to utilise a portion of the Net Proceeds for prepayment or scheduled repayment of a portion, of certain outstanding borrowings availed by us and for funding the working capital requirements of our Company. The details of the loans identified to be repaid or prepaid using the Net Proceeds and the incremental working capital requirements of our Company have been disclosed in the section titled "*Objects of the Offer*' on page 93 of this Draft Red Herring Prospectus. While we believe that prepayment or scheduled repayment of a portion, of certain outstanding borrowings availed by us will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion, the prepayment or scheduled repayment and funding of working capital will not result in the creation of any tangible assets for our Company.

32. ***Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.***

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that requires us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Offer as prescribed in the SEBI ICDR Regulations. If our shareholders exercise such exit option, our business and financial condition could be adversely affected. Therefore, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, even if such variation is in the interest of our Company, which may restrict our ability to respond to any change in our business or financial condition and may adversely affect our business and results of operations. For further details of the proposed objects of the Offer, refer chapter titled "*Objects of the Offer*" on page 93 of this Draft Red Herring Prospectus.

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

As of September 30, 2021, our contingent liabilities as disclosed in the notes to our Restated Financial Information aggregated to ₹ 228.00 million. The details of our contingent liabilities are as follows:

(₹ in million)

Sr. No.	Particulars	Contingent liabilities as at September 30, 2021
1.	Central excise matters	50.70
2.	Service tax matters	4.00
3.	Income tax matters	24.00
4.	Goods and service tax matters	120.40
5.	Sales Tax matters	28.90
	Total	**228.00**

For further details of contingent liability, see the section titled — "*Financial Information*" on page 230 of this Draft Red Herring Prospectus. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

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

As of September 30, 2021 and for Fiscal 2021, Fiscal 2020 and Fiscal 2019, 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 refer to the chapter titled — "*Restated Financial Information- Notes to Restated Financial Statement- Note 31- Related Party Transactions*" at page 273.

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.

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

We have entered into agreements for our borrowings, including some of the borrowings linked with currency linked LIBOR rates 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, divestment or transfer of the shareholding of the promoters, drastic change in the management of the Company, which require our Company to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us with these approvals in the future. For details of these restrictive covenants, please refer to chapter titled — "*Financial Indebtedness*" on page 323 of this Draft Red Herring Prospectus.

36. Our Company will not receive any proceeds from the Offer for Sale portion.

The Offer comprises of an offer for sale of up to 11,400,000 Equity Shares by the Selling Shareholders. The net proceeds from the Offer for Sale will be transferred to each of the Selling Shareholders, in proportion to its respective portion of the Offered Shares transferred by each of them in the Offer for Sale and will not result in any creation of value for us or in respect of your investment in our Company. Our Company will not receive any such proceeds. For further information, see "*Objects of the Offer*" on page 93.

37. 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, Director and Key Managerial Personnel may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For further details please refer to the paragraph titled — "*Interest of our Directors*" and "*Interest of Key Managerial Personnel*" in the chapter titled — "*Our Management*", the paragraphs titled — "*Interest of our Promoters*" in the chapter titled — "*Our Promoter and Promoter Group*", "*Financial Indebtedness*" and "*Restated Financial Statement- Notes to Restated Financial Statement- Note 31*" on pages 203, 218, 224, 323 and 273, respectively of this Draft Red Herring Prospectus.

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

38. ***We are dependent on our Promoters, management team and a number of Key Managerial Personnel and the loss of, or our inability to hire, retain, train, and motivate qualified personnel could adversely affect our business, results of operations and financial condition.***

Our ability to compete in the yarn industry depends upon our ability to attract, motivate, and retain qualified personnel. We are highly dependent on the continued contributions and customer relationships of our management and on our senior leadership led by our Promoters, management team and key managerial personnel. All of our executive officers and key personnel are at-will employees and may terminate their employment relationship with us at any time. The loss of the services of our key personnel and any of our other executive officers, and our inability to find suitable replacements, could result in a decline in sales, delays in product development, and harm to our business and operations.

At times, we have experienced, and we may continue to experience, difficulty in hiring and retaining personnel with qualifications, and we may not be able to fill positions in a timely manner or at all or may need to implement measures such as salary cuts due to external reasons. As of September 30, 2021, we had 1,417 permanent employees. The attrition rate of our employees was 16.65%, 19.53% 19.77% and 18.65%, respectively, for the six-month period ended September 30, 2021 and Fiscals 2021, 2020 and 2019. We cannot guarantee that we will be able to recruit and retain qualified and capable employees. In addition, our recruiting personnel, methodology, and approach may need to be altered to address a changing candidate pool and profile. We may incur significant costs to attract and recruit skilled personnel, and we may lose new personnel to our competitors before we realise the benefit of our investment in recruiting and training them. If we fail to attract new personnel or fail to retain and motivate our current personnel who are capable of meeting our growing technical, operational, and managerial requirements on a timely basis or at all, our business may be harmed.

Our success depends on our ability to effectively source and staff people with the right mix of skills and experience. If we are unable to effectively utilise our personnel on a timely basis to fulfil the needs of our customers, our business could suffer.

39. ***We are subject to various laws and regulations in jurisdictions where we operate, including environmental and health and safety laws and regulations, which may subject us to increased compliance costs, which may in turn result in an adverse effect on our financial condition.***

We may incur substantial costs to comply with requirements of environmental laws and regulations. In addition, we may discover currently unknown environmental problems or conditions. We are subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental laws and regulations in India are becoming increasingly stringent and it is possible that they will become significantly stringent in the future. In addition, failure to comply with environmental laws may result in assessment of penalties and fines against us by regulatory authorities. The commencement of environmental actions against us or the imposition of any penalties or fines on us as a result thereof could have a material adverse effect on our business prospects and results of operations.

40. ***We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures could have a material adverse effect on our business growth and prospects, financial condition and results of operations.***

In the recent past many companies in the textile industry have ramped up their capacities to encash opportunities arising from various favourable regulatory changes such as incentives under the textile policies of various states in India, incentives under mega textile parks scheme, TUFS etc. Huge additional capacities coming up are expected to increase competition amongst players in the textile industry and we may face pressures on pricing, product quality, turnaround time, order size etc., which may put strain on our profit margins. Further, many of our buyers of yarn are integrating backwards by setting up spinning facilities or are increasing their existing spinning capacities. Such integration expansion by our buyers may reduce demand for our yarn and affect our results of operations, cash flows and financial condition.

41. Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.

Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account in the calculation of our installed capacity, actual production and capacity utilization. Actual production levels and future capacity utilization rates may vary significantly from the estimated production capacities of our manufacturing facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Undue reliance should therefore not be placed on our historical installed capacity, actual production and capacity utilization for our existing manufacturing facilities included in this Draft Red Herring Prospectus. See "*Our Business – Our Manufacturing capabilities*" on page 171.

42. If there is any under-utilization of our proposed capacities, the capacity of the production plant will not be fully utilized, which could affect our ability to fully absorb fixed costs and thus may adversely impact our financial performance.

We have planned to increase our product portfolio and may enter more geographical areas based on our estimates of market demand and profitability. In the event of non-materialization of our estimates and expected order flow for our existing and / or future products and / or failure of optimum utilization of our capacities, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilized thereby impairing our ability to fully absorb our fixed cost and may adversely impact our consolidated financial performance.

43. We have incurred significant capital expenditure in the past and will continue to incur significant capital expenditure in the future, and such expenditure may not yield the benefits we anticipate.

For the six-month period ended September 30, 2021 we added fixed assets of ₹ 270.59 million, primarily for IDY business assets. For Fiscal 2021, we added fixed assets of ₹ 246.40 million, primarily for further expansion and general capital expenditure. For Fiscal 2020, we added fixed assets of ₹ 2,096.83 million, primarily for IDY and cotton business and general capital expenditure. For the Fiscal 2019, we added fixed assets of ₹ 188.90 million, for maintenance of existing capital assets. The capital expenditure was mainly incurred for increasing capacity, debottlenecking and maintaining capital expenditure. We may incur further significant capital expenditure in the future. We cannot assure that we will be able to get the benefits of the generally growing demand in the textile sector and accordingly the benefits accruing to us from the planned capacity expansion may be less than what is anticipated.

44. If we are subject to any frauds, theft, or embezzlement by our employees, suppliers, contractors or distributors, it could adversely affect our reputation, results of operations, financial condition and cash flows.

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employee/ contractor/ distributor/ vendor fraud, theft, or embezzlement. Although we have set up various security measures in our manufacturing facility such as deployment of security guards and operational processes such as periodic stock taking, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, results of operations, financial condition, and cash flows.

45. We face foreign exchange risks that could adversely affect our results of operations.

Revenues from exports were ₹ 1,768.90 million, ₹ 2,418.73 million, ₹ 3,848.73 million and ₹ 3,973.77 million and represented 12.36%, 12.61%, 18.18% and 16.98%, respectively, of our total revenue from operations for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019, respectively. Our sales and most of our expenses are denominated in the Indian Rupees. However, expenses such as import freight, export sales agent's commission, interest expense on foreign currency, foreign denominated borrowings and our export revenue is denominated and invoiced in foreign currency. Hence, we are exposed to fluctuations in exchange rates between currencies. In Fiscal 2021, we incurred foreign exchange gain of ₹ 85.44 million, representing 0.44% of our total income, while in the six-month period ended September 30, 2021 we recorded exchange fluctuation gain (net) of ₹ 37.00 million representing 0.26% of our total income and for Fiscals 2020 and 2019, we recorded exchange fluctuation loss of ₹ 115.65 million and ₹ 81.85 million, representing 0.55%, and 0.35%, respectively, of our total income. Although we closely follow our exposure to foreign currencies, such activity may not always be sufficient to protect us against incurring potential losses if currencies fluctuate significantly.

46. 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.

Our revenues from exports were ₹ 1,768.90 million, ₹ 2,418.73 million, ₹ 3,843.73 million and ₹ 3,973.77 million and represented 12.36%, 12.61%, 18.18% and 16.98%, respectively, of our total revenue from operations for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019, respectively. We intend to increase our global footprint and augment our sales in existing geographies.

Consequently, our business is accordingly subject to diverse and dynamic economic, regulatory, social and political conditions in the jurisdictions in which we operate. Operating in international markets exposes us to a number of risks globally, including, without limitation:

- compliance with local laws and regulations (including imposition of non-tariff barriers), which can be onerous and costly as the magnitude and complexity of, and continual amendments to, those laws and regulations are difficult to predict and the liabilities, costs, obligations and requirements associated with these laws and regulations can be substantial;
- difficulties with local operating and market conditions, particularly regarding customs, taxation and labour;
- currency exchange rate fluctuations;
- difficulties in organizing a skilled workforce for efficient operations including processing visas or entry permits quickly and repeatedly for our personnel; and
- economic and financial conditions, including the stability of credit markets, foreign currency fluctuations and controls, particularly the ability to repatriate funds to India and other countries.

To the extent that our operations are affected by unexpected and adverse economic, regulatory and social and political conditions in the countries in which we operate, we may experience operational disruptions, loss of assets and personnel and other indirect losses that could materially and adversely affect our business, financial condition and results of operations.

47. Our business is dependent on the adequate and uninterrupted supply of electrical power at a reasonable cost. Unavailability of such adequate and uninterrupted supply of electrical power may significantly impact our business and results of operation.

Failure on account of unavailability of electrical power may restrict us in utilizing our full capacity and, hence, may impact our business and results of operation. Adequate and cost-effective supply of electrical power is critical to our operations, which entails significant consumption of electrical power. Currently, we source of our power requirements from the State Electricity Board. 5% of our total power requirement is contributed by rooftop solar power. There can be no assurance that electricity supplied by them will be sufficient to meet our requirements or that we will be able to procure adequate and interrupted power supply in the future at a reasonable cost. Further, if the per unit cost of electricity is increased by the state electricity boards, our power costs will increase and it may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins.

48. Changing laws, rules and regulations and legal uncertainties, may adversely affect our business, results of operations, cash flows and financial condition.

Our business could be adversely affected by any change in laws, municipal plans or interpretation of existing laws, or promulgation of new laws, rules and regulations applicable to us. Further, to process payments in some jurisdictions outside India we may need to appoint local payment settlement systems, we may also be subject to restrictions on repatriation of cash and earnings generated through sales made outside India.

Further, any incentives, rebates or export subsidies that we currently avail or are eligible for, might not be continued by the government and we might not be able to avail such benefits in the future.

In addition, the GoI has recently introduced certain labour legislations which consolidate, subsume and replace numerous existing central labour legislations. For further information, see "*Key Regulations and Policies*" on page 180. Further, any change in the implementation of health, safety or environment laws may impose additional costs and may increase our employee costs, thereby adversely affecting our business, results of operations, cash flows and financial condition.

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

49. An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.

We have obtained a number of insurance policies in connection with our operations including fire, industrial all risk insurance policy with respect to our manufacturing facility, insurance policies for our workmen, fire and special peril policies for the stock in our unit and godowns as well as a public liability policy. For further information, see "*Our Business – Insurance*" on page 179. Our insurance cover amounts to ₹ 19,643.00 million and ₹ 21,860.50 million as of March 31, 2021 and September 30, 2021, respectively covering 165.51% and 169.97% of the total insurable assets of the Company (excluding intangible assets, investments, financial assets, other current assets, other non-current assets, and deferred tax assets) as of March 31, 2021 and September 30, 2021, respectively.

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

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

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We have not paid any dividends in the past and may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. For further details, please refer to the chapter titled "*Financial Indebtedness*" and the chapter titled "*Dividend Policy*" on pages 323 and 229, respectively, of this DRHP.

51. Some agreements entered into by our Company with various parties are not adequately stamped and registered. The said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid and the relevant registration, if required, is done.

Some of the leave and license and lease deeds/agreements entered into by our Company with various parties for our leasehold properties are not adequately stamped and registered. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid, and the registration of such agreements has been done with the relevant authorities. As on the date of this Draft Red Herring Prospectus, our Company has not initiated / been party to any litigation in this regard. Any claim or adverse order / finding in connection with these agreements could adversely affect the operations of our Company.

52. ***We have commissioned an industry report for the disclosures made in the chapter titled "Industry Overview" and made disclosures on the basis of the data provided in the same.***

We have exclusively commissioned and paid for an industry report titled "Assessment of textile industry with special focus on yarn manufacturing market in India" dated December 28, 2021" issued by "*CRISIL*" for the purpose of confirming our understanding of the industry in connection with the Offer and for making disclosures which need to be made in the chapter titled "*Industry Overview*" of this Draft Red Herring Prospectus. Certain sections of this Draft Red Herring Prospectus include information based on, or derived from, the CRISIL Report or extracts of the CRISIL Report. All such information in this Draft Red Herring Prospectus indicates the CRISIL Report as its source. Accordingly, any information in this Draft Red Herring Prospectus derived from, or based on, the CRISIL Report should be read taking into consideration the foregoing. 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, projections, forecasts and assumptions that may prove to be incorrect. While industry sources take due care and caution while preparing their reports, they do not guarantee the accuracy, adequacy or completeness of the data. Furthermore, the CRISIL Report is not a recommendation to invest or disinvest in any company covered in the CRISIL Report. Accordingly, prospective investors should not place undue reliance on, or base their investment decision solely on this information.

In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Offer pursuant to reliance on the information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report. You should consult your own advisors and undertake an independent assessment of information in this Draft Red Herring Prospectus based on, or derived from, the CRISIL Report before making any investment decision regarding the Offer.

53. ***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.***

Upon completion of this Offer, our Promoters and members of our Promoter Group will collectively hold [●]% of the Equity share capital of our Company. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval. Accordingly, our Promoters will continue to retain significant control, including being able to control the composition of our Board of Directors, determine decisions requiring simple or special majority voting of shareholders, undertaking sale of all or substantially all of our assets, timing and distribution of dividends and termination of appointment of our officers, and our other shareholders may be unable to affect the outcome of such voting. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interests of our Company. Further, such control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. The interests of our Promoters could conflict with the interests of our other equity shareholders, and our Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

54. ***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.

55. ***Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.***

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

56. Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. We provide services to our customers, who may be doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, there can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

EXTERNAL RISK FACTORS

57. Natural disasters, epidemics, pandemics, acts of war, terrorist attacks and other events could materially and adversely affect our business.

Natural disasters (such as earthquakes, fire, typhoons, cyclones, hurricanes and floods), pandemics, epidemics, strikes, civil unrest, terrorist attacks and other events, which are beyond our control, may lead to global or regional economic instability, which may in turn materially and adversely affect our business, financial condition, cash flows and results of operations. Any of these occurrences could cause severe disruptions to our daily operations and may warrant a temporary closure of our facilities. Such closures may disrupt our business operations and adversely affect our results of operations. Our operation could also be disrupted if our customers or business partners are affected by such natural disasters or epidemics.

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

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

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

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any significant change may adversely affect our business and financials.

59. Financial instability in other countries may cause increased volatility in Indian and other financial markets.

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

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

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

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

60. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments and failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operations.

Modernization and technology up gradation is essential to reduce costs and increase the output. Our production technology may become obsolete or may not be upgraded timely, hampering our operations and financial conditions. Although we believe that we have installed plant and machineries with the latest upgraded technology suitable for yarn production, we shall further continue to keep our technology updated. In case of availability of an updated technology in the industry, we may be required to implement new technology as failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operation. Further, the cost in upgrading our technology may be significant which could substantially affect our finances and operations.

61. ***Changing laws, rules and regulations and legal uncertainties in India and other countries may adversely affect our business and financial performance.***

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.

Further, the Government of India has announced the union budget for the Fiscal 2022, pursuant to which the Finance Bill, 2021 ("**Finance Bill**") has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021 ("**Finance Act**"). 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. Unfavorable 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. 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.

62. ***Our business is affected by economic, political and other prevailing conditions beyond our control.***

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

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

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- hostile or war like situations with the neighbouring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis; and
- any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

63. Investors outside India may not be able to enforce any judgment of a foreign court against us, except by way of a suit in India.

Our Company is a limited liability company incorporated under the laws of India. All of our directors and executive officers are residents of India. Most of our Company's assets are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons in India or to enforce judgments obtained against our Company or such parties outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended ("**Civil Procedure Code**"). The United States has not been notified as a reciprocating territory.

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

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

64. Any adverse change or downgrade in ratings of India may adversely affect our business, results of operations and cash flows.

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 favorable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

65. 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. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its 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.

66. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.

Our restated summary statements of assets and liabilities as at September 30, 2021 and as at March 31 2021, March 31, 2020 and March 31, 2019, and restated summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the six- month period ended September 30, 2021 and Fiscals 2021, 2020 and 2019, 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 Red Herring Prospectus, 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 Statement included in this Draft Red Herring Prospectus 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 Red Herring Prospectus should accordingly be limited.

67. We face foreign exchange risks that could adversely affect our results of operations.

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

68. The requirements of being a listed company may strain our resources.

We are not a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing compliances and reporting requirements to the Stock Exchanges, which require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

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

RISKS RELATING TO THE EQUITY SHARES AND THIS OFFER

69. The trading volume and market price of the Equity Shares may be volatile following the Offer.

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

70. The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and the investors may be unable to resell the Equity Shares at or above the Offer Price, or at all.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the stock exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India and volatility in the Stock Exchanges and securities markets elsewhere in the world.

71. Investors may be subject to Indian taxes arising out of income arising on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares held as investments in an Indian company are generally taxable in India. Any capital gain realised on the sale of listed equity shares on a Stock Exchange held for more than 12 months immediately preceding the date of transfer will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months immediately preceding the date of transfer. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any capital gains realised on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident read with the Multilateral Instrument, if and to the extent applicable, and the seller is entitled to avail benefits thereunder. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, the Finance Act, 2020 does not require dividend distribution tax ("**DDT**") to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident. The Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source pursuant to any corporate action including dividends. Additionally, in terms of the Finance Act, 2018, which has been notified on March 29, 2018 with effect from April 1, 2018, the tax payable by an assessee on the capital gains arising from transfer of long term capital asset (introduced as section 112A of the Income-Tax Act, 1961) shall be calculated on such long-term capital gains at the rate of 10%, where the long-term capital gains exceed ₹100,000, subject to certain exceptions in case of a resident individuals and HUF. Similarly, any business income realised from the transfer of Equity Shares held as trading assets is taxable at the applicable tax rates subject to any treaty relief, if applicable, to a non-resident seller. Further, the Finance Act, 2019 has made various amendments in the taxation laws and has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments were notified on December 10, 2019 and have come into effect from July 1, 2020.

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

72. There is no guarantee that our Equity Shares will be listed on the stock exchanges in a timely manner or at all.

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued of SEBI, our Equity Shares are required to be listed on the stock exchanges within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

73. Investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Offer.

The Equity Shares will be listed on the Stock Exchanges. Pursuant to applicable Indian laws, certain actions must be completed before the Equity Shares can be listed and trading in the Equity Shares may commence. Investors' book entry, or 'demat' accounts with depository participants in India, are expected to be credited with the Equity Shares within one working day of the date on which the Basis of Allotment is approved by the Stock Exchanges. The Allotment of Equity Shares in this Offer and the credit of such Equity Shares to the applicant's demat account with depository participant could take approximately six Working Days from the Bid Closing Date and trading in the Equity Shares upon receipt of final listing and trading approvals from the Stock Exchanges is expected to commence within six Working Days of the Bid Closing Date. There could be a failure or delay in listing of the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval or otherwise any delay in commencing trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. There can be no assurance that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in this risk factor. We could also be required to pay interest at the applicable rates if allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods.

74. Any future issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding and sale of Equity Shares by shareholders with significant shareholding may adversely affect the trading price of the Equity Shares.

We may be required to finance our growth through future equity offerings. Any future equity issuances by us, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our shareholders may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

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

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

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

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all. For further information, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 378.

76. The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below their respective issue prices.

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company and Selling Shareholders in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Company and Selling Shareholders in consultation with the BRLMs through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" on page 108 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the BRLMs is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the BRLMs*" on page 340. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

77. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the submission of their Bid, and Retail Individual Investors are not permitted to withdraw their Bids after closure of the Bid/ Offer Closing Date.

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Investors are required to pay the Bid Amount on submission of the Bid and are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. While we are required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed, including Allotment, within six Working Days from the Bid/ Offer Closing Date or such other period as may be prescribed by the SEBI, events affecting the investors' decision to invest in the Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows or financial condition may arise between the date of submission of the Bid and Allotment. We may complete the Allotment of the Equity Shares even if such events occur, and such events may limit the Investors' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

78. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

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

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

79. There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.

Our listed Equity Shares will be subject to a daily "circuit breaker" imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

80. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder our Company than as a shareholder of an entity in another jurisdiction.

SECTION III INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares[(1)]	Up to [●] Equity Shares, aggregating up to ₹ [●] million
***of which*:**	
Fresh Issue [(1)#]	Up to [●] Equity Shares, aggregating up to ₹ 5,000 million
Offer for Sale [(2)]	Up to 11,400,000 Equity Shares, aggregating up to ₹ [●] million
The Offer comprises:	
A) QIB Portion[(3)(4)(5)]	Not more than [●] Equity Shares
***of which*:**	
Anchor Investor Portion	Up to [●] Equity Shares
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares
of which:	
Available for allocation to Mutual Funds only (5% of the Net QIB Portion)	[●] Equity Shares
Balance for all QIBs, including Mutual Funds	[●] Equity Shares
B) Non-Institutional Portion[(4)(5)]	Not less than [●] Equity Shares
C) Retail Portion[(4)(5)]	Not less than [●] Equity Shares
Equity Shares outstanding prior to the Offer (as at the date of this Draft Red Herring Prospectus)	71,943,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 93 for information on the use of proceeds arising from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

[#]Our Company may, in consultation with the BRLMs, consider undertaking a Pre – IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to compliance with Rule 19(2)(b) of the SCRR.

(1) *The Offer has been authorized by a resolution of our Board dated November 22, 2021, and the Fresh Issue has been authorized by a special resolution of our Shareholders dated November 25, 2021.*

(2) *Each of the Selling Shareholders (severally and not jointly) has specifically confirmed that its portion of the Offered Shares has been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus, and is eligible for being offered for sale as part of the Offer in terms of Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders has confirmed and approved its participation in the Offer for Sale as set out below:*

S. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of Selling Shareholder's consent letter	Date of corporate authorization/board resolution
Promoter Selling Shareholders				
1.	Pareshkumar Dattani	Up to 2,351,100	January 1, 2022	N.A.
2.	Ajaykumar Dattani	Up to 2,659,500	January 1, 2022	N.A.
3.	Anilkumar Dattani	Up to 2,557,500	January 1, 2022	N.A.
4.	Dineshkumar Dattani	Up to 2,827,500	January 1, 2022	N.A.
Promoter Group Selling Shareholders				
5.	Vajubhai Investments Private Limited	Up to 18,000	January 1, 2022	January 1, 2022
6.	Vallabhdas Dattani HUF	Up to 18,000	January 1, 2022	N.A.
7.	Sonali Dattani	Up to 168,000	January 1, 2022	N.A.
8.	Dineshkumar Dattani HUF	Up to 18,000	January 1, 2022	N.A.
9.	Beena Dattani	Up to 266,400	January 1, 2022	N.A.
10.	Anilkumar Dattani HUF	Up to 138,000	January 1, 2022	N.A.
11.	Pareshkumar V Dattani HUF	Up to 228,000	January 1, 2022	N.A.
12.	Mikesh Dattani	Up to 150,000	January 1, 2022	N.A.

(3) *Our Company may, in consultation with the Book Running Lead Managers and the Selling Shareholders, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB*

Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see "Offer Procedure" on page 357.

(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders and the Designated Stock Exchange, subject to applicable law. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of an under-subscription in the Offer, the Equity Shares will be Allotted in the following order, (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (ii) post (i), the remaining 10% of the Fresh Issue, and the Offered Shares shall be Allotted to the Allottees on a proportionate basis.

(5) Allocation to Bidders in all categories, except Anchor Investors, if any, and Retail Individual Investors, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis, in accordance with the SEBI ICDR Regulations. For further details, see "Offer Procedure" on page 357. For further details of the terms of the Offer, see "Terms of the Offer" on page 348.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Restated Financial Statement as of and for the six-month period ended September 30, 2021 and for the periods ended March 31, 2021, March 31, 2020 and March 31, 2019. The summary financial information presented below should be read in conjunction with '*Financial Information*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' beginning on pages 230 and 293, respectively.

(All amounts are in ₹ million, unless otherwise stated)

	As at			
Particulars	**September 30, 2021**	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Assets				
Non-Current Assets				
Property, plant and equipment	9,079.68	8,879.29	9,031.14	7,979.73
Capital work-in-progress	28.90	10.27	12.71	146.18
Goodwill	19.09	-	-	-
Financial assets				
Other financial assets	54.07	88.39	65.08	253.37
Income tax assets (net)	35.12	34.56	24.88	-
Other non-current assets	225.74	68.37	73.26	5.63
Total non-current assets	**9,442.60**	**9,080.98**	**9,207.07**	**8,384.91**
Current assets				
Inventories	3,781.90	2,988.92	2,448.60	2,683.81
Financial assets	-	-	-	-
Investments	25.00	-	-	-
Trade receivables	1,525.41	1,294.91	1,011.64	1,148.73
Cash and cash equivalents	743.95	265.31	28.96	206.97
Other bank balances	30.30	323.90	151.60	58.73
Other financial assets	563.52	296.56	223.00	22.30
Other current assets	1,613.63	2,169.28	1,450.21	940.37
Total current assets	**8,283.71**	**7,338.88**	**5,314.01**	**5,060.91**
Total assets	**17,726.31**	**16,419.86**	**14,521.08**	**13,445.82**
Equity and Liabilities				
Equity				
Equity Share Capital	719.43	719.43	719.43	719.43
Other Equity	7,290.89	5,589.68	3,724.27	3,275.63
Total Equity	**8,010.32**	**6,309.11**	**4,443.70**	**3,995.06**
Liabilities				
Non-current Liabilities				
Financial Liabilities				
Borrowings	3,170.50	3,984.42	4,296.80	3,584.56
Provisions	65.70	54.40	50.24	42.89
Deferred tax liabilities (net)	592.02	532.55	364.39	236.13
Other non-current liabilities	24.20	0.20	51.70	24.98
Total non-current liabilities	**3,852.42**	**4,571.57**	**4,763.13**	**3,888.56**
Current Liabilities				
Financial liabilities				

Particulars	As at			
	September 30, 2021	March 31, 2021	March 31, 2020	March 31, 2019
i) Borrowings	1,358.50	1,427.21	2,199.25	2,107.45
ii) Trade payables				
total outstanding dues of micro enterprises and small enterprises	4.90	3.92	7.60	12.32
total outstanding dues of creditors other than micro enterprises and small	3,778.25	3,549.86	2,460.40	3,010.12
iii) Other financial liabilities	449.43	288.22	545.50	277.94
Other current liabilities	82.60	197.31	85.32	97.61
Provisions	29.29	26.93	16.18	17.40
Income tax liabilities (net)	160.60	45.73	-	39.36
Total current liabilities	**5,863.57**	**5,539.18**	**5,314.25**	**5,562.20**
Total liabilities	**9,715.99**	**10,110.75**	**10,077.38**	**9,450.76**
Total equity and liabilities	**17,726.31**	**16,419.86**	**14,521.08**	**13,445.82**

Summary of Restated Consolidated and Standalone Balance Sheet

(All amounts are in ₹ million, unless otherwise stated)

Particulars	For the period/year ended			
	September 30,2021	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Income				
Revenue from operations	14,309.40	19,183.55	21,166.00	23,403.90
Other income	79.40	146.15	68.99	61.36
Total Income	**14,388.80**	**19,329.70**	**21,234.99**	**23,465.26**
Expenses				
Cost of materials consumed	9,221.50	11,012.69	14,183.53	16,795.84
Purchases of stock-in-trade	268.20	159.73	14.47	11.45
Changes in inventories of finished goods, stock in-trade and work-in-progress	(575.59)	34.34	175.84	(67.39)
Employee benefits expense	373.70	867.61	718.95	610.93
Finance costs	203.70	500.86	426.85	505.41
Depreciation expense	207.86	397.69	1,027.80	1,066.88
Other expenses	2,409.53	3,829.74	3,946.66	3,706.37
Total Expenses	**12,108.90**	**16,802.66**	**20,494.10**	**22,629.49**
Profit before tax	**2,279.90**	**2,527.05**	**740.89**	**835.78**
Tax Expense				
Current Tax	525.10	516.20	270.73	202.25
Deferred Tax	47.03	154.36	11.31	85.38
Prior years' tax adjustments	-	0.17	(1.31)	(4.11)
Total Tax Expenses	**572.13**	**670.73**	**280.73**	**283.52**
Profit for the period/ year	**1,707.78**	**1,856.31**	**460.16**	**552.26**
Other comprehensive income/(loss) for the year				
Items that will not be reclassified to profit or loss				
Re-measured (loss) / gain on defined benefit plan	(5.40)	(1.02)	4.82	(6.24)
Income-tax relating to items that will not be reclassified to profit or loss	1.36	0.30	(1.70)	2.50
Items that will be reclassified to profit or loss				
Net charges in the fair value in cash flow hedge	-	3.33	(10.99)	11.30
Income-tax relating to items that will be reclassified to profit or loss	-	(0.80)	3.70	(3.95)
Other comprehensive income/ (loss) for the period/ year	**(4.04)**	**1.81**	**(4.17)**	**3.61**
Total comprehensive income for the period/ year	**1,703.73**	**1,858.12**	**455.99**	**555.87**
Earnings per share (face value of Rs. 10 each)				
Basic earnings per share (In Rupees)	23.75*	25.80	6.40	7.68
Diluted earnings per share (In Rupees)	23.75*	25.80	6.40	7.68

* *Not annualised*

Restated Statement of cash flows

(All amounts are in ₹ million, unless otherwise stated)

Particulars	For the period/year ended			
	September 30,2021	March 31, 2021	March 31, 2020	March 31, 2019
(A) Cash flow from operating activities				
Profit before tax	**2,279.90**	**2,527.05**	**740.89**	**835.78**
Adjustments for non-cash transactions and items considered separately				
Depreciation expense	207.86	397.69	1,027.80	1,066.88
Re-measurement (loss) / gain on defined benefit plan	(5.40)	(1.02)	4.82	(6.24)
(Gain) / loss on disposal of property, plant and equipment (net)	(8.90)	(0.42)	0.72	1.06
Interest income on bank deposits	(13.30)	(18.06)	(28.26)	(21.49)
Finance costs	203.70	500.86	426.85	505.41
Net loss / (gain) on foreign currency translation	12.60	12.94	160.79	(10.97)
Liabilities / provisions no longer required, written back	(1.20)	(26.92)	(1.16)	(2.63)
Adjustment for government grant	(26.30)	(31.97)	(18.52)	(55.51)
Net changes in the fair value in cash flow hedge	-	10.62	(18.34)	2.38
Net changes in the fair value of derivative financial instruments	3.90	(3.68)	26.95	(39.00)
Inventory written off	-	26.40	-	-
Sundry balances written off	1.10	4.75	-	-
Creation / (reversal) of allowance for expected credit loss (net)	12.30	(0.37)	(7.40)	9.42
Cash flow before changes in working capital	**2,666.26**	**3,397.87**	**2,315.14**	**2,285.09**
Changes in working capital				
Trade payables	225.07	1,112.70	(553.15)	(477.74)
Provisions and other liabilities	70.24	(86.11)	242.36	32.99
Inventories	(792.98)	(566.72)	235.21	(30.28)
Trade receivables	(233.00)	(300.59)	(16.30)	(73.71)
Other financial and non-financial assets	310.30	(714.99)	(585.91)	(348.01)
Cash generated from operations before taxes	**2,245.89**	**2,842.16**	**1,637.35**	**1,388.34**
Income taxes paid (net of refunds)	(413.62)	(467.02)	(214.71)	(200.03)
Net cash generated from operating activities (A)	**1,832.27**	**2,375.14**	**1,422.64**	**1,188.31**
(B) Cash flow from investing activities				
Investment in property, plant and equipment	(184.32)	(292.58)	(1,917.49)	(337.72)
Proceeds from disposal of property, plant and equipment	14.07	1.08	16.80	177.44
Deposits matured / (placed)	80.78	(267.74)	(116.02)	283.65
Payment for acquisition of subsidiary, net of cash acquired	(134.90)	-	-	-
Investment made in mutual funds	(25.00)	-	-	-
Interest received on bank deposits	13.30	18.06	28.26	21.49
Net cash (used in) / generated from investing activities (B)	**(236.07)**	**(541.18)**	**(1,988.45)**	**144.86**
(C) Cash flow from financing activities				
(Repayment) / availment of cash credit facilities and short-term borrowings	(81.61)	(772.04)	91.80	304.45
Long-term borrowings availed	273.10	616.59	1,512.11	-
Repayment of long-term borrowings	(1,105.20)	(928.97)	(799.87)	(1,255.85)
Payment of interest	(203.95)	(513.19)	(416.24)	(502.55)
Net cash (used in) / generated from financing activities (C)	**(1,117.66)**	**(1,597.61)**	**387.80**	**(1,453.95)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**478.54**	**236.35**	**(178.01)**	**(120.78)**
Add: Cash and cash equivalents at the beginning of the period / year	265.31	28.96	206.97	327.75
Add: Cash acquired under business combination (refer note 43)	0.10	-	-	-
Cash and cash equivalents at the end of the period / year	**743.95**	**265.31**	**28.96**	**206.97**
Notes to restated consolidated and standalone statement of cash flows:				
Cash and cash equivalents at the end of the period / year comprise of :				
Balances with banks in current accounts	743.64	264.98	0.36	48.31
Bank deposit with original maturity of less than three months	-	-	28.20	158.40

Particulars	For the period/year ended			
	September 30,2021	**March 31, 2021**	**March 31, 2020**	**March 31, 2019**
Cash on hand	0.31	0.33	0.40	0.26
Total	**743.95**	**265.31**	**28.96**	**206.97**

GENERAL INFORMATION

Our Company was incorporated as 'Sanathan Textiles Private Limited' under the Companies Act, 1956 pursuant to a certificate of incorporation dated October 10, 2005, issued by the Registrar of Companies, West Bengal at Kolkata. Subsequently, our Company was converted into a public limited company and, pursuant to a resolution of our shareholders dated November 12, 2021, the name of our Company was changed to 'Sanathan Textiles Limited', and a fresh certificate of incorporation was issued by the Registrar of Companies, Gujarat at Ahmedabad on November 18, 2021.

Registered Office

Sanathan Textiles Limited
SRV NO. 187/4/1/2, Near Surangi Bridge
Surangi, Dadra & Nagar Haveli
Silvassa - 396230
India

Corporate Office

Sanathan Textiles Limited
D-15, Trade World Building
Kamala Mills Compound, Senapati Bapat Marg
Lower Parel,
Mumbai – 400013, Maharashtra
India

Corporate identity number and registration number

Corporate Identity Number: U17299DN2005PLC005690
Registration Number: 005690

Address of the RoC

Registrar of Companies
ROC Bhavan, Opp Rupal Park Society
Behind Ankur Bus Stop
Naranpura, Ahmedabad-380013
Gujarat

Our Board

Our Board comprises the following Directors as on the date of this Draft Red Herring Prospectus:

Name	Designation	DIN	Address
Pareshkumar Dattani	Chairman & Managing Director	00163591	9C, Ridge Apartment, Ridge Road, Opposite Sahyadry Guest House Malabar Hill, Mumbai, Maharashtra - 400006
Ajaykumar Dattani	Joint Managing Director	00163739	3C, 3rd Floor, Plot no. 70, Lalit Kunj, Sir Pochkanwala Road, Off Worli Sea Face, Worli, Mumbai, Mumbai City, Maharashtra - 400030
Anilkumar Dattani	Executive Director	00164175	33 Sadhna, 5th Floor, Navroji Gamadia Road, Off Peddar Road, Cumballa Hill, Mumbai, Maharashtra - 400026
Sammir Dattani	Executive Director	07060573	Flat Number 15, Bhaveshwar Sagar Building, 20 Nepean Sea Road, Mumbai, Maharashtra - 400036
Debabrata Sarkar	Independent Director	02502618	Mayfair Boulevard, Narayan Apartments, Flat no. 701, Main Avenue Road, Mumbai – 400054
Khurshed Thanawalla	Independent Director	00201749	Building No. 6, Manav Mandir Road, Near Manav Mandir School, Mumbai City, Mumbai, Maharashtra - 400006
Vinay Aggarwal	Independent Director	00030483	Block 5A, Shyam Niwas, Flat no. 6, 51B, Desai Road, Mumbai – 400026
Bhumika Batra	Independent Director	03502004	32, Mody Street, 3rd Floor, Fort, Mumbai 400001

For further details of our Directors, see "*Our Management*" on page 197.

Company Secretary and Compliance Officer

Jude Patrick Dsouza
D-15, Trade World Building
Kamala Mills Compound, Senapati Bapat Marg
Lower Parel
Mumbai 400013
Maharashtra
Telephone: +91 22 6634 3312
E-mail: investors@sanathan.com

Investor Grievances

Investors can contact our Company Secretary and Compliance Officer, the Book Running Lead Managers or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode.

All Offer related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All Offer-related grievances of the Anchor Investors may be addressed to the Registrar, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the Book Running Lead Managers where the Anchor Investor Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

Edelweiss Financial Services Limited
Edelweiss House,
Off C.S.T. Road,
Kalina, Mumbai – 400 098
Maharashtra
Telephone: +91 22 4009 4400
E-mail: sanathan.ipo@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID:
customerservice.mb@edelweissfin.com
Contact Person: Dhruv Bhavsar
SEBI Registration No.: INM0000010650

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai – 400 025
Maharashtra
Telephone: +91 22 6630 3030
E-mail: sanathan.ipo@jmfl.com
Website: www.jmfl.com
Investor Grievance ID: grievance.ibd@jmfl.com
Contact person: Prachee Dhuri
SEBI registration number: INM000010361

Legal Counsel to our Company as to Indian law

AZB & Partners
AZB House
Peninsula Corporate Park

Ganpatrao Kadam Marg
Lower Parel
Mumbai 400 013
Maharashtra
Telephone: +91 22 6639 6880

Legal Counsel to the Book Running Lead Managers as to Indian law

Trilegal
Peninsula Business Park
17th Floor, Tower B
Ganpat Rao Kadam Marg
Lower Parel (West)
Mumbai 400 013
Maharashtra
Telephone: +91 22 4079 1000

Special International Legal Counsel to the Book Running Lead Managers

Duane Morris & Selvam LLP
16 Collyer Quay
#17-00 Singapore 049318
Tel.: +65 6311 0030

Advisor to the Offer

Axcelus Finserve Private Limited
3rd Floor, WeWork Enam Sambhav
G-Block, Bandra Kurla Complex
Bandra East
Mumbai 400 051
Maharashtra
Telephone: +91 22 6462 0865/6

Auditors to our Company

Walker Chandiok & Co LLP.
11th Floor, Tower II,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai – 400013
Maharashtra
Email: Gaurav.Shekhawat@WalkerChandiok.IN
Telephone: + 91 22 6626 2699
Firm registration number: 001076N/N500013
Peer review number: 0011707

Changes in the auditors

Other than as disclosed below, there has been no change in our Statutory Auditors during the three years immediately preceding the date of this Draft Red Herring Prospectus:

Particulars	Date of Change	Reason for Change
Walker Chandiok & Co LLP. 11th Floor, Tower II, One International Center, S B Marg, Prabhadevi (W), Mumbai, Maharashtra 400013 **Email**: Gaurav.Shekhawat@WalkerChandiok.IN **Telephone**: + 91 22 6626 2699 **Firm registration number**: 001076N/N500013 **Peer review number:** 0011707	April 14, 2021	Walker Chandiok & Co LLP was appointed as the Statutory Auditors of the Company.

Narendra Kochar & Co. 86, Canning Street, Kolkata – 700001 West Bengal **Email**: narendrakochar@hotmail.com **Telephone**: +91 33 2235 8255 **Firm registration number**: 315201E	March 29, 2021	Narendra Kochar & Co. resigned as the Statutory Auditors of the Company owing to the Covid-19 situation
Narendra Kochar & Co. 86, Canning Street, Kolkata – 700001 West Bengal **Email**: narendrakochar@hotmail.com **Telephone**: +91 33 2235 8255 **Firm registration number**: 315201E	December 20, 2020	Re-appointed as the Statutory Auditors of the Company

Registrar to the Offer

Kfin Technologies Private Limited
(formerly known as Karvy Fintech Private Limited)
Selenium, Tower-B Plot No. 31 & 32
Financial District Nanakramguda
Serilingampally Hyderabad
Rangareddi 500 032
Telangana
Tel: +91 40 6716 2222
E-mail: sanathan.ipo@kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration No.: INR000000221

Syndicate Members

[●]

Public Offer Bank

[●]

Refund Bank

[●]

Sponsor Bank

[●]

Bankers to our Company

Bank of Baroda
Ground Floor, 222 Maker Chamber IV,
Near Vidhan Bhavan,
Nariman Point, Mumbai 400021
Email: midbom@bankofbaroda.com
Telephone: +91 22 22048388

Union Bank of India
Union bank Bhavan, 1st floor,
239, Vidhan Bhavan Marg,
Nariman Point, Mumbai 400021
Email: ifbmumbai@unionbankofindia.com
Telephone: +91 22 22892157

Landesbank Baden-Württemberg
Am Hauptbahnhof 2,

70173 Stuttgart
Email: Kontak@LBBW.de
Telephone: +49 711 12773995

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Bidder (other than a RIB using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or at such other websites as may be prescribed by SEBI from time to time.

SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, RIBs Bidding using the UPI Mechanism in the Offer may apply through the SCSBs and mobile applications (apps) whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI mechanism is provided as 'Annexure A' for the SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investor and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any other website prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 as updated from time to time or any other website prescribed by SEBI from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the stock exchange, *i.e.* through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at https://www.bseindia.com/ and https://www.nseindia.com, as updated from time to time.

RTAs

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

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the website of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts

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

Our Company has received written consent dated January 6, 2022, from Walker Chandiok & Co LLP, to include their name as required under section 26 of the Companies Act, 2013, read with the SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated January 3, 2022, on our Restated Financial Statement; and (ii) their reports each dated January 6, 2022 on the statement of special tax benefits in relation to direct tax and statement of special tax benefits in relation to indirect tax in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "experts" and consent thereof does not represent an "expert" or consent as is defined under the U.S. Securities Act.

In addition, our Company has received written consent dated January 5, 2022 from JMT and Associates, Chartered Accountants, to include its name as an independent chartered accountant as an "expert" under Section the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated January 6, 2022 from the independent chartered engineer, namely Mitesh M. Desai, Chartered Engineer, to include his name in this Draft Red Herring Prospectus, as an "expert" under the Companies Act, 2013, to the extent and in his capacity as a chartered engineer, certifying the installed production capacities and capacity utilisation of the manufacturing facility of our Company, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated January 6, 2022, from the secretarial auditor, namely DVD & Associates, Company Secretaries, to include his name in this Draft Red Herring Prospectus, as an "expert" as defined under section 2(38) and section 26(5) of the Companies Act, 2013 to the extent and in his capacity as a secretarial auditor, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Monitoring Agency

Our Company will appoint a monitoring agency to monitor utilization of the Net Proceeds, in accordance with Regulation 41 of the SEBI ICDR Regulations, prior to the filing of the Red Herring Prospectus with the RoC. The requisite details shall be included in the Red Herring Prospectus. For further details in relation to the proposed utilisation of the Net Proceeds, see "*Objects of the Offer*" on page 93.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency

Statement of Responsibility of the Book Running Lead Managers

The following table sets forth the inter-se allocation of responsibilities for various activities among the Book Running Lead Managers:

S. No.	Activities	Responsibility	Coordinator
1.	Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of RHP, Prospectus and RoC filing. Capital structuring with the relative components and formalities such as type of instruments, allocation between primary and secondary, etc.	Book Running Lead Managers	Edelweiss
2.	Drafting and approval of statutory advertisements	Book Running Lead Managers	Edelweiss
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report with SEBI	Book Running Lead Managers	JM Financial
4.	Appointment of all other intermediaries (e.g., Registrar(s), Printer(s), Monitoring Agency, Banker(s) to the Issue and Sponsor Banker to the Issue, Advertising agency etc.) including coordinating all agreements to be entered with such parties	Book Running Lead Managers	Edelweiss

S. No.	Activities	Responsibility	Coordinator
5.	Preparation of road show presentation and frequently asked questions	Book Running Lead Managers	Edelweiss
6.	International Institutional Marketing of the Issue, which will cover, inter alia: • Marketing strategy • Finalising the list and division of international investors for one-to-one meetings and • Finalizing road show and investor meeting schedules	Book Running Lead Managers	Edelweiss
7.	Domestic Institutional Marketing of the Issue, which will cover, inter alia: • Finalising the list and division of domestic investors for one-to-one meetings • Finalizing domestic road show schedules and investor meeting schedules	Book Running Lead Managers	JM Financial
8.	Non-institutional marketing of the Issue, which will cover, inter alia, • Finalising media, marketing and public relations strategy including list of frequently asked questions at non-institutional road shows; and • Finalising centres for holding conferences for brokers, etc.;	Book Running Lead Managers	JM Financial
9.	Retail Marketing of the Issue, which will cover, inter alia, • Formulating marketing strategies, preparation of publicity budget • Finalizing Media and PR strategy • Finalizing centres for holding conferences for brokers, etc. • Finalizing collection centres; and • Follow-up on distribution of publicity and Issue material including application form, prospectus and deciding on the quantum of the Issue material	Book Running Lead Managers	Edelweiss
10.	Coordination with Stock-Exchanges for book building software, bidding terminals, mock trading, payment of 1% security deposit, anchor coordination, anchor CAN and intimation of anchor allocation	Book Running Lead Managers	JM Financial
11.	Managing the book and finalization of pricing in consultation with the Company	Book Running Lead Managers	JM Financial
12.	Post-Offer activities, which shall involve essential follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising Company about the closure of the Issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, unblocking of application monies, listing of instruments, dispatch of certificates or demat credit and refunds, payment of applicable Securities Transaction Tax on behalf of the Selling Shareholders and coordination with various agencies connected with the post-Offer activity such as Registrar to the Issue, Bankers to the Issue, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable. Coordinating with Stock Exchanges and SEBI for submission of all post-Issue reports including the initial and final post-Issue report to SEBI, release of 1% security deposit post closure of the Offer.	Book Running Lead Managers	JM Financial

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

IPO Grading

No credit rating agency registered with the SEBI has been appointed in respect of grading the Offer.

Debenture Trustees

As this is an offer of Equity Shares, no debenture trustee has been appointed for the Offer.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing of the Offer Documents

A copy of this Draft Red Herring Prospectus has been filed electronically through the SEBI Intermediary Portal at https://sipotal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, and has been emailed to SEBI at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "Easing of Operational Procedure –Division of Issues and Listing –CFD."

A copy of the Red Herring Prospectus, along with the material documents and contracts required to be filed, will be filed with the RoC in accordance with Section 32 of the Companies Act, and a copy of the Prospectus required to be filed under Section 26 of the Companies Act, will be filed with the RoC, and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from Bidders on the basis of the Red Herring Prospectus and the Bid cum Application Forms (and the Revision Forms) within the Price Band. The Price Band and minimum Bid lot will be decided by our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, and will be advertised in all editions of the English national daily newspaper [●], all editions of the Hindi national daily newspaper [●] and Gujarati national daily newspaper [●] (Gujarati being the regional language of the Union Territory of Dadra and Nagar Haveli and Daman and Diu where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. The Offer Price shall be determined by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders after the Bid/Offer Closing Date. For further details, see "*Offer Procedure*" on page 357.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs. In addition to this, the RIBs may participate through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. RIBs Bidding in the Retail Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Except for Allocation to RIBs and the Anchor Investors, Allocation in the Offer will be on a proportionate basis. Allocation to the Anchor Investors will be on a discretionary basis.

The Book Building Process is in accordance with guidelines, rules and regulations prescribed by SEBI and the Bidding Process are subject to change from time to time and Bidders are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

Bidders should note that the Offer is also subject to (i) filing of the Prospectus with the RoC and completion of all requisite formalities thereto; and (ii) receipt of final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment, within six Working Days of the Bid/Offer Closing Date or such other time period as prescribed under applicable law.

For further details on the method and procedure for Bidding, see "*Offer Structure*" and "*Offer Procedure*" on pages 352 and 357, respectively.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see "*Terms of the Offer*" and "*Offer Procedure"* on pages 348 and 357, respectively.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten by each BRLM shall be as per the Underwriting Agreement. It is proposed that pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions, specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC)

Name, address, telephone number and e-mail address of the Underwriters	Indicative number of Equity Shares to be underwritten	Amount Underwritten (₹ in million)
[●]	[●]	[●]

The above-mentioned is indicative underwriting and will be finalised after determination of Offer Price and actual allocation in accordance with provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders respectively procured by them in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company as on date of this Draft Red Herring Prospectus is set forth below:

(in ₹, except share data)

	Particulars	Aggregate nominal value	Aggregate value at Offer Price*
A	**AUTHORIZED SHARE CAPITAL**		
	90,000,000 Equity Shares of face value of ₹ 10 each	900,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	71,943,000 Equity Shares of face value of ₹ 10 each	719,430,000	-
C	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer of up to [●] Equity Shares (1)(2)(3)	[●]	[●]
	of which		
	Fresh Issue of up to [●] Equity Shares (1)	[●]	5,000,000,000
	Offer for Sale of up to 11,400,000 Equity Shares (2)	114,000,000	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	[●] Equity Shares* of face value of ₹ 10 each	[●]	
E	**SECURITIES PREMIUM AMOUNT**		
	Before the Offer	Nil	
	After the Offer*	[●]	

**To be updated upon finalization of the Offer Price.*

(1) The Offer has been authorized by our Board pursuant to a resolution dated November 22, 2021 and the Fresh Issue has been authorized by our Shareholders pursuant to a special resolution dated November 25, 2021.

(2) Each of the Selling Shareholders, severally and not jointly, confirms that its portion of the Offered Shares has been held by it for a period of at least one year prior to filing of this Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI ICDR Regulations and are eligible for the Offer for Sale in accordance with the provisions of the SEBI ICDR Regulations. Our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to a resolution at its meeting held on January 3, 2022. For details on the confirmation, consent and authorization of each of the Selling Shareholders for their participation in the Offer for Sale, see "Other Regulatory and Statutory Disclosures – Authority for the Offer" on page 333.

(3) Our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, may consider a Pre-IPO Placement of securities for a cash consideration aggregating up to ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the Book Running Lead Managers, and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue.
In addition to the Pre-IPO Placement, our Company may also consider raising capital through a further issue of securities, in one or more tranches, aggregating up to ₹ 500 million, from non-promoters, after the date of this DRHP but prior to filing of the RHP with the RoC. Details of such further issue, if undertaken, shall be included in the RHP to be filed with the RoC.

Notes to the Capital Structure

1. ***Share capital history of our Company***

(a) Equity Share capital:

The history of the Equity Share capital of our Company is set forth in the table below:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price (₹)	Reason/Nature of allotment	Form of consideration	Cumulative number of Equity Shares
October 10, 2005	20,000	10.00	10.00	Initial subscription to the MoA(1)	Cash	20,000
June 30, 2006	4,375,000	10.00	50.00	Further Issue (2)	Other than cash	4,395,000
July 3, 2006	22,000	10.00	50.00	Further Issue (3)	Cash	4,417,000
September 18, 2006	3,410,000	10.00	10.00	Further Issue (4)	Cash	7,827,000
July 30, 2007	3,913,500	10.00	N.A.	Bonus Issue (5)	N.A.	11,740,500
March 29, 2012	250,000	10.00	200.00	Further Issue (6)	Cash	11,990,500
March 9, 2019	59,952,500	10.00	N.A.	Bonus Issue (7)	N.A.	71,943,000

(1) Allotment of 5,000 Equity Shares each to Ajaykumar Dattani, Anilkumar Dattani, Pareshkumar Dattani and Dineshkumar Dattani pursuant to their subscription to the MoA.

(2) *Pursuant to the Agreement for Succession of Partnership Firm dated March 20, 2006 and Deed of Succession of Partnership Firm dated April 1, 2006, allotment of 1,128,100 Equity Shares to Ajaykumar Dattani, 876,300 Equity Shares to Anilkumar Dattani, 1,184,200 Equity Shares to Dineshkumar Dattani and 1,186,400 Equity Shares to Pareshkumar Dattani. For further details see "History and Certain Corporate Matters" on page 191, respectively.*

(3) *Allotment of 2,000 Equity Shares each to Vajubhai Investments Private Limited, Texco Fibres Private Limited, Vallabhdas Dattani HUF, Sonali Dattani, Dineshkumar Dattani HUF, Jyotsna Dattani, Vallabhdas Dattani, Anilkumar Dattani HUF and Pareshkumar V Dattani HUF, and 1,000 Equity shares each to Geeta Dattani, Sammir Dattani, Sweta Dattani and Jayshree Dattani. The list of allottees attached with the return of allotment (Form-2) filed by our Company with RoC for the allotment dated July 3, 2006 and July 30, 2007 erroneously mentioned that the Equity Shares was allotted jointly and not individually. However, the Equity Shares allotted in both the allotments were made to the individuals and there were no allotments made to the joint holders by the Company. Our Company by way of resolution passed at the Board meeting dated January 3, 2022 rectified the list of allottees and filed Form MGT-14 with RoC for the rectification.*

(4) *Allotment of 1,050,000 Equity Shares to Ajaykumar Dattani, 1,020,000 Equity Shares to Dineshkumar Dattani and 1,340,000 Equity Shares to Pareshkumar Dattani.*

(5) *Bonus issue of 3,913,500 Equity Shares in the ratio of 1:2 (one equity share for every two equity shares held by our shareholders) to the existing shareholders, i.e., 1,091,550 Equity Shares to Ajaykumar Dattani, 440,650 Equity Shares to Anilkumar Dattani, 1,104,600 Equity Shares to Dineshkumar Dattani, 1,250,700 Equity Shares to Pareshkumar Dattani, 1,000 equity shares each to Vajubhai Investments Private Limited, Texco Fibres Private Limited, Vallabhdas Dattani HUF, Sonali Dattani, Dineshkumar Dattani HUF, Jyotsna Dattani, Vallabhdas Dattani, Anilkumar Dattani HUF and Pareshkumar V Dattani HUF, 500 Equity Shares each to Geeta Dattani, Sammir Dattani, Sweta Dattani and Jayshree Dattani and 15,000 Equity Shares to Beena Dattani. The bonus was undertaken for the purpose of increasing the Company's equity base by capitalising the free reserves. The list of allottees attached with the return of allotment (Form-2) filed by our Company with RoC for the allotment dated July 3, 2006 and July 30, 2007 erroneously mentioned that the Equity Shares was allotted jointly and not individually. However, the Equity Shares allotted in both the allotments were made to the individuals and there were no allotments made to the joint holders by the Company. Our Company by way of resolution passed at the Board meeting dated January 3, 2022 rectified the list of allottees and filed Form MGT-14 with RoC for the rectification.*

(6) *Allotment of 42,500 Equity Shares to Anilkumar Dattani, 62,500 Equity Shares to Dineshkumar Dattani, 40,000 Equity Shares to Pareshkumar Dattani, 25,000 Equity Shares each to Sonali Dattani and Mikesh Dattani, 20,000 Equity Shares to Anilkumar Dattani HUF, 35,000 Equity Shares to Pareshkumar V Dattani HUF.*

(7) *Bonus issue of 59,952,500 Equity Shares in the ratio of 5:1 (five equity shares for every one equity share held by our shareholders) to the existing shareholders, i.e., 15,123,250 Equity Shares to Ajaykumar Dattani, 13,162,250 Equity Shares to Anilkumar Dattani, 14,656,500 Equity Shares to Dineshkumar Dattani, 14,860,500 Equity Shares to Pareshkumar Dattani, 15,000 Equity Shares each to Vajubhai Investments Private Limited, Vallabhdas Dattani HUF, Dineshkumar Dattani HUF and Jyotsna Dattani, 140,000 Equity Shares to Sonali Dattani, 7,500 Equity Shares each to Geeta Dattani, Sammir Dattani, Sweta Dattani and Jayshree Dattani, 1,265,000 Equity Shares to Vallabhdas Dattani, 115,000 Equity Shares to Anilkumar Dattani HUF, 190,000 Equity Shares to Pareshkumar V Dattani HUF, 222,000 Equity Shares to Beena Dattani, 125,000 Equity Shares to Mikesh Dattani, 500 Equity Shares each to Ajaykumar Dattani HUF, Tanvi Dattani, Anjana Dattani, Varun Dattani, Sammir Dattani HUF and Mikesh Dattani HUF. The bonus was undertaken for the purpose of increasing the Company's equity base by capitalising the free reserves.*

(b) *Preference share capital*

Our Company has not issued any preference shares as of the date of this Draft Red Herring Prospectus.

2. ***Issue of Equity Shares at a price lower than the Offer Price in the last year***

Our Company has not issued any Equity Shares in the last one year immediately preceding the date of this Draft Red Herring Prospectus at a price which may be lower than the Offer Price.

3. ***Equity Shares issued for consideration other than cash or out of revaluation reserves:***

(a) Our Company has not issued any Equity Shares out of revaluation of reserves since its incorporation.

(b) Except as disclosed below, our Company has not issued any Equity Shares for consideration other than cash.

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price (₹)	Nature/Reason of allotment	Benefits accrued to our Company
June 30, 2006	4,375,000(1)	10.00	50.00	Further Issue	Business expansion

(1) *Pursuant to the Agreement for Succession of Partnership Firm dated March 20, 2006 and Deed of Succession of Partnership Firm dated April 1, 2006, allotment of 1,128,100 Equity Shares to Ajaykumar Dattani, 876,300 Equity Shares to Anilkumar Dattani, 1,184,200 Equity Shares to Dineshkumar Dattani and 1,186,400 Equity Shares to Pareshkumar Dattani. For further details see "History and Certain Corporate Matters" on page 191, respectively.*

4. ***Offer of Equity Shares pursuant to schemes of arrangement***

Our Company has not issued or allotted any Equity Shares pursuant to any schemes of arrangement approved under Sections 391 to 394 of the Companies Act, 1956 or Sections 230-234 of the Companies Act, 2013, as applicable.

5. ***Employee stock option schemes and Equity Shares issued pursuant to Employee stock options schemes***

As on the date of this Draft Red Herring Prospectus, our Company has adopted Sanathan Textiles Limited - Employee Stock Option Plan – 2021 ("**ESOP Scheme**") which has been authorised by our Board pursuant to resolution passed at its meeting held on November 22, 2021, and by our Shareholders pursuant to a special resolution passed on November 25, 2021. The aggregate number of Equity Shares, which may be issued under ESOP Scheme, shall not exceed 800,000 Equity Shares. The ESOP Scheme is in compliance with the SEBI Share Based Employee Benefits and Sweat Equity) Regulations, 2021. As on the date of this Draft Red Herring Prospectus, 322,000 options have been granted by our Company under the ESOP Scheme, and, our Company has not issued any Equity Shares towards these options. The details of the ESOP Scheme are as follows:

Particulars	**Details**			
	Financial Year 2019	**Financial Year 2020**	**Financial Year 2021**	**From April 1, 2021 until the date of filing of the Draft Red Herring Prospectus**
Total options outstanding as at the beginning of the period	NA	NA	NA	NIL
Total options granted	NA	NA	NA	3,22,000
Exercise price of options in ₹ (as on the date of grant options)	NA	NA	NA	550
Options forfeited/lapsed/cancelled	NA	NA	NA	NA
Variation of terms of options	NA	NA	NA	There has been no variation in the terms of the options
Money realized by exercise of options	NA	NA	NA	NA
Total number of options outstanding in force	NA	NA	NA	3,22,000
Total options vested (excluding the options that have been exercised)	NA	NA	NA	NIL
Options exercised (since implementation of the ESOP Scheme)	NA	NA	NA	NIL
The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)	NA	NA	NA	NIL
Employee wise details of options granted to:	NA	NA	NA	
(a) Key managerial personnel	NIL	NIL	NIL	98,000

Name of the KMP to whom options were granted	**No. of Options Granted**	**No. of Options outstanding as at the date of this Draft Red Herring Prospectus**	**Resultant number of Equity shares out of outstanding options*^**
Palanisamy Mandira Moorthy	11,000	11,000	11,000
Sentilvel Nachimuthu Chettiar	11,000	11,000	11,000
Raj Kapadia	11,000	11,000	11,000
Jayant Kumar	11,000	11,000	11,000

Bahety			
Kaushikkumar Jagjivandas Mody	11,000	11,000	11,000
Nidhi Batavia	11,000	11,000	11,000
Gulvinder Singh Aulakh	8,000	8,000	8,000
Satish S. Chitre	7,000	7,000	7,000
Venkobarao Srinivasan	6,000	6,000	6,000
Deepak Prasad	5,000	5,000	5,000
Suhas Thakur	4,000	4,000	4,000
Jude Patrick D'souza	2,000	2,000	2,000

(b) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year	NA	NA	NA	***None of the employees (including KMP) have been provided the grant in any one year for 5% or more of the options granted during the year.***
(c) Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	NA	NA	NA	NIL
Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 'Earnings Per Share'	As per Indian Accounting Standard (Ind AS) 33, Earnings per Equity Share, effect of weighted average number of ESOP shares outstanding for all dilutive potential shares has been considered.			
Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company	Not Applicable since fair valuation of stock options has been done using Black Scholes model.			

<table>
<tr>
<td>Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option</td>
<td>Employee stock options were granted post the last audited financial statements and the fair valuation is obtained which consist of following assumptions:
<table>
<tr><th>Particulars</th><th>Financial Year 2019</th><th>Financial Year 2020</th><th>Financial Year 2021</th><th>From April 1, 2021 until the date of filing of the draft red herring prospectus</th></tr>
<tr><td>Method of Valuation</td><td colspan="4">Black – Scholes Model</td></tr>
<tr><td>Expected Volatility (%)</td><td>-</td><td>-</td><td>-</td><td>45%</td></tr>
<tr><td>Dividend Yield (%)</td><td>-</td><td>-</td><td>-</td><td>NIL</td></tr>
<tr><td>Average remaining contractual life of the optionsoutstanding at end of the year (Years)</td><td>NA</td><td>NA</td><td>NA</td><td>4 years</td></tr>
<tr><td>Risk free interest rate</td><td>-</td><td>-</td><td>-</td><td>6.44%</td></tr>
<tr><td>Weighted average exercise prices and weighted averagefair value of options whose exercise price where:</td><td></td><td></td><td></td><td></td></tr>
<tr><td>a) Exercise price equals market price on the date of grant</td><td></td><td></td><td></td><td></td></tr>
<tr><td>- Fair Value of options granted (₹)</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>- Exercise Price (₹)</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>b) Exercise price greater than market price on the date ofgrant</td><td></td><td></td><td></td><td></td></tr>
<tr><td>- Fair Value of options granted (₹)</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>- Exercise Price (₹)</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>c) Exercise price less than market price on the date ofgrant</td><td></td><td></td><td></td><td></td></tr>
<tr><td>- Fair Value of options granted (₹)</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
<tr><td>- Exercise Price (₹)</td><td>NA</td><td>NA</td><td>NA</td><td>NA</td></tr>
</table>
</td>
</tr>
<tr>
<td>Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 had been followed, in respect of options granted in the last three years</td>
<td>There has been no grant of employee stock options in the last three Financial Years.</td>
</tr>
<tr>
<td>Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer</td>
<td>As the options have not vested for any of our KMPs under the ESOP Scheme and therefore no equity shares have been issued pursuant to exercise of such options, hence, this is not applicable.</td>
</tr>
<tr>
<td>Intention to sell Equity Shares arising out of the ESOP Scheme or allotted under an ESOP Scheme within three months after the listing of Equity Shares by directors, senior managerial personnel and</td>
<td>Based on the declarations received from KMPs, Equity Shares allotted on exercise of options granted will not be sold within three months after the date of listing of Equity Shares pursuant to the Offer. However, the options have not been vested as on date for any of our KMPs under the ESOP Scheme and hence this is not applicable.</td>
</tr>
</table>

employees having Equity Shares arising out of the ESOP Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	

Note: ESOP Scheme was approved at the Board Meeting held on November 22, 2021 and by the shareholders in the AGM held on November 25, 2021. The grant was approved vide NRC committee meeting date December 10, 2021.

6. ***Shareholding pattern of our Company***

The table below presents the shareholding pattern of our Company as on December 31, 2021.

Category	Category of shareholder	Number of shareholders	Number of fully paid up equity shares held	Number of partly paid-up equity shares held	Number of shares underlying depository receipts	Total number of shares held	Shareholding as a % of total number of shares (calculated as per SCRR, 1957)	Number of voting rights held in each class of securities			Number of shares underlying outstanding convertible securities (including warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of locked in shares		Number of shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) =(IV)+(V)+ (VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)
								Number of voting rights		Total as a % of (A+B+ C)			Number (a)	As a % of total shares held (b)	Number (a)	As a % of total shares held (b)	
								Equity	Total								
(A)	Promoter and Promoter Group	24	71,943,000	-	-	71,943,000	100.00%	71,943,000	71,943,000	100.00%	-	100.00%	-	-	Nil	Nil	71,943,000
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**24**	**71,943,000**	**-**	**-**	**71,943,000**	**100.00%**	**71,943,000**	**71,943,000**	**100.00%**	**-**	**100.00%**	**-**	**-**	**Nil**	**Nil**	**71,943,000**

7. ***Other details of shareholding of our Company***

(a) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of our Company and the number of Equity Shares held by them as on December 31, 2021.

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)
1.	Nimbus Trust*	10,475,000	14.56
2.	D&G Family Trust**	10,475,000	14.56
3.	A&J Family Trust***	10,475,000	14.56
4.	P&B Family Trust****	10,475,000	14.56
5.	Ajaykumar Dattani	7,327,650	10.19
6.	Dineshkumar Dattani	7,112,800	9.89
7.	Pareshkumar Dattani	7,012,600	9.75
8.	Anilkumar Dattani	6,819,700	9.48
	Total	70,172,750	97.54

**Held through its trustees i.e., Sonali Dattani and Pareshkumar Dattani.*

*** Held through its trustees i.e., Geeta Dattani and Anilkumar Dattani.*

**** Held through its trustees i.e., Jayshree Dattani and Sammir Dattani.*

***** Held through its trustees i.e., Beena Dattani and Ajaykumar Dattani.*

(b) Set forth below is a list of Shareholders holding 1% or more of the paid-up share capital of our Company, and the number of Equity Shares held by them 10 days prior to the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Shareholder	No. of Equity Shares of face value of ₹10 each	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)
1.	Nimbus Trust*	10,475,000	14.56
2.	D&G Family Trust**	10,475,000	14.56
3.	A&J Family Trust***	10,475,000	14.56
4.	P&B Family Trust****	10,475,000	14.56
5.	Ajaykumar Dattani	7,327,650	10.19
6.	Dineshkumar Dattani	7,112,800	9.89
7.	Pareshkumar Dattani	7,012,600	9.75
8.	Anilkumar Dattani	6,819,700	9.48
	Total	70,172,750	97.54

**Held through its trustees i.e., Sonali Dattani and Pareshkumar Dattani.*

*** Held through its trustees i.e., Geeta Dattani and Anilkumar Dattani.*

**** Held through its trustees i.e., Jayshree Dattani and Sammir Dattani.*

***** Held through its trustees i.e., Beena Dattani and Ajaykumar Dattani.*

(c) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them one year prior to the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Shareholder	No. of equity shares of face value of ₹10 each	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)
1.	Ajaykumar Dattani	18,147,900	25.23
2.	Pareshkumar Dattani	17,832,600	24.79
3.	Dineshkumar Dattani	17,587,800	24.45
4.	Anilkumar Dattani	15,794,700	21.95
5.	Vallabhdas Dattani	1,518,000	2.11
	Total	70,881,000	98.53

(d) Set forth below is a list of Shareholders holding 1% or more of the paid-up Equity Share capital of our Company and the number of Equity Shares held by them two years prior to the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Shareholder	No. of Equity Shares of face value of ₹10 each	Percentage of the pre-Offer Equity Share Capital on a fully diluted basis (%)
1.	Ajaykumar Dattani	18,147,900	25.23
2.	Pareshkumar Dattani	17,832,600	24.79
3.	Dineshkumar Dattani	17,587,800	24.45
4.	Anilkumar Dattani	15,794,700	21.95
5.	Vallabhdas Dattani	1,518,000	2.11
	Total	70,881,000	98.53

8. Except for the allotment of Equity Shares pursuant to the ESOP Scheme, our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares), whether on a private placement basis / preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures.

9. Our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, may consider a Pre-IPO Placement of securities for a cash consideration aggregating up to ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue. In addition to this Pre-IPO Placement, our Company may also consider raising capital through a further issue of securities, in one or more tranches, aggregating up to ₹ 500 million, from non-promoters, after the date of this DRHP but prior to filing of the RHP with the RoC. Details of such further issue, if undertaken, shall be included in the RHP to be filed with the RoC.

10. Except for the options granted to eligible employees pursuant to the ESOP Scheme, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Red Herring Prospectus.

11. ***Details of shareholding of our Promoters and members of the Promoter Group in our Company***

    (a) As on the date of this Draft Red Herring Prospectus, our Promoters hold 70,172,750 Equity Shares, equivalent to 97.54% of the issued, subscribed and paid-up Equity Share capital of our Company.

    (b) ***History of build-up, contribution and lock-in of Promoters shareholding***

    Build-up of the Promoters' shareholding in our Company

    The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below.

Name of Promoter	Nature of transaction	Nature of consideration	Date of Allotment/ Transfer / Transmission	No. of Equity Shares	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Ajaykumar Dattani	Initial subscription to the Memorandum of Association	Cash	October 10, 2005	5,000	10.00	10.00	0.01	[●]
	Further Issue	Other than Cash	June 30, 2006	1,128,100	10.00	50.00	1.57	[●]
	Further Issue	Cash	September 18, 2006	1,050,000	10.00	10.00	1.46	[●]

Name of Promoter	Nature of transaction	Nature of consideration	Date of Allotment/ Transfer / Transmission	No. of Equity Shares	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
	Bonus Issue	N.A.	July 30, 2007	1,091,550	10.00	N.A.	1.52	[●]
	Transfer to Vallabhdas Dattani	Gift	January 30, 2019	(250,000)	10.00	N.A.	(0.35)	[●]
	Bonus Issue	N.A.	March 9, 2019	15,123,250	10.00	N.A.	21.02	[●]
	Transfer to Vallabhdas Dattani	Gift	October 29, 2021	(363,250)	10.00	N.A.	(0.50)	[●]
	Transfer from Jyotsna Dattani	Gift	November 26, 2021	18,000	10.00	N.A.	0.02	[●]
	Transfer to Nimbus Trust	Distribution to beneficiary of the Trust	December 10, 2021	(10,475,000)	10.00	N.A.	(14.56)	[●]
Total shareholding				**7,327,650**			**10.19**	[●]
Pareshkumar Dattani	Initial subscription to the Memorandum of Association	Cash	October 10, 2005	5,000	10.00	10.00	0.01	[●]
	Further Issue	Other than Cash	June 30, 2006	1,186,400	10.00	50.00	1.65	[●]
	Further Issue	Cash	September 18, 2006	1,340,000	10.00	10.00	1.86	[●]
	Transfer to Beena Dattani	Gift	October 25, 2006	(30,000)	10.00	N.A.	(0.04)	[●]
	Bonus Issue	N.A.	July 30, 2007	1,250,700	10.00	N.A.	1.74	[●]
	Further Issue	Cash	March 29, 2012	40,000	10.00	200.00	0.05	[●]
	Transfer to Anilkumar Dattani	Gift	January 30, 2019	(820,000)	10.00	N.A.	(1.14)	[●]
	Bonus Issue	N.A.	March 9, 2019	14,860,500	10.00	N.A.	20.66	[●]
	Transfer to Sammir Dattani	Gift	October 29, 2021	(345,000)	10.00	N.A.	(0.48)	[●]
	Transfer to P&B Family Trust	Distribution to beneficiary of the Trust	December 10, 2021	(10,475,000)	10.00	N.A.	(14.56)	[●]
Total shareholding				**7,012,600**			**9.75**	[●]
Dineshkumar Dattani	Initial subscription to the Memorandum of Association	Cash	October 10, 2005	5,000	10.00	10.00	0.01	[●]
	Further Issue	Other than Cash	June 30, 2006	1,184,200	10.00	50.00	1.65	[●]
	Further Issue	Cash	September 18, 2006	1,020,000	10.00	10.00	1.42	[●]
	Bonus Issue	N.A.	July 30, 2007	1,104,600	10.00	N.A.	1.53	[●]
	Further Issue	Cash	March 29, 2012	62,500	10.00	200.00	0.09	[●]

Name of Promoter	Nature of transaction	Nature of consideration	Date of Allotment/ Transfer / Transmission	No. of Equity Shares	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
	Transfer to Anilkumar Dattani	Gift	January 30, 2019	(445,000)	10.00	N.A.	(0.62)	[●]
	Bonus Issue	N.A.	March 9, 2019	14,656,500	10.00	N.A.	20.37	[●]
	Transfer to D&G Family Trust	Distribution to beneficiary of the Trust	December 10, 2021	(10,475,000)	10.00	N.A.	(14.56)	[●]
Total shareholding				**7,112,800**			**9.89**	[●]
Anilkumar Dattani	Initial subscription to the Memorandum of Association	Cash	October 10, 2005	5,000	10.00	10.00	0.01	[●]
	Further Issue	Other than Cash	June 30, 2006	876,300	10.00	50.00	1.22	[●]
	Bonus Issue	N.A.	July 30, 2007	440,650	10.00	N.A.	0.61	[●]
	Transfer from Texco Fibres LLP	Cash	December 30, 2011	3,000	10.00	83.20	Negligible	[●]
	Further Issue	Cash	March 29, 2012	42,500	10.00	200.00	0.06	[●]
	Transfer from Dineshkumar Dattani	Gift	January 30, 2019	445,000	10.00	N.A.	0.62	[●]
	Transfer from Pareshkumar Dattani	Gift	January 30, 2019	820,000	10.00	N.A.	1.14	[●]
	Bonus Issue	N.A.	March 9, 2019	13,162,250	10.00	N.A.	18.29	[●]
	Transfer from Vallabhdas Dattani	Gift	January 25, 2021	1,500,000	10.00	N.A.	2.08	[●]
	Transfer to A&J Family Trust	Distribution to beneficiary of the Trust	December 10, 2021	(10,475,000)	10.00	N.A.	(14.56)	[●]
Total shareholding				**6,819,700**			**9.48**	[●]
Nimbus Trust*	Transfer from Ajaykumar Dattani	Distribution to beneficiary of the Trust	December 10, 2021	10,475,000	10.00	N.A.	14.56	[●]
Total shareholding				**10,475,000**			**14.56**	[●]
D&G Family Trust**	Transfer from Dineshkumar Dattani	Distribution to beneficiary of the Trust	December 10, 2021	10,475,000	10.00	N.A.	14.56	[●]
Total shareholding				**10,475,000**			**14.56**	**[●]**
A&J Family Trust***	Transfer from Anilkumar Dattani	Distribution to beneficiary of the Trust	December 10, 2021	10,475,000	10.00	N.A.	14.56	[●]
Total shareholding				**10,475,000**			**14.56**	**[●]**
P&B Family Trust****	Transfer from Pareshkumar Dattani	Distribution to beneficiary of the Trust	December 10, 2021	10,475,000	10.00	N.A.	14.56	[●]

Name of Promoter	Nature of transaction	Nature of consideration	Date of Allotment/ Transfer / Transmission	No. of Equity Shares	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Total shareholding				**10,475,000**			**14.56**	**[●]**

**Held through its trustees i.e., Sonali Dattani and Pareshkumar Dattani. Sonali Dattani and Aakash Dattani are the beneficiaries of Nimbus Trust*
***Held through its trustees i.e., Geeta Dattani and Anilkumar Dattani. Geeta Dattani, Sammir Dattani and lineal descendants of Sammir Dattani are the beneficiaries of D&G Family Trust*
****Held through its trustees i.e., Jayshree Dattani and Sammir Dattani. Jayshree Dattani and Mikesh Dattani are the beneficiaries of A&J Family Trust*
***** Held through its trustees i.e., Beena Dattani and Ajaykumar Dattani. Beena Dattani, Varun Dattani and Lineal Descendants of Varun Dattani are the beneficiaries of P&B Family Trust*

(c) All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment or acquisition, as the case may be.

(d) As on the date of this Draft Red Herring Prospectus, none of the Equity Shares held by our Promoters are pledged.

(e) Other than as disclosed below, none of the members of the Promoter Group (other than our Promoters), hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

Sr. No.	Name of the Shareholder	Pre-Offer		Post- Offer*	
		No. of Equity Shares	% of the total Equity Share Capital	No. of Equity Shares	% of the total Equity Share Capital
Members of the Promoter Group (other than the Promoters)					
1.	Vallabhdas Dattani	381,250	0.53	[●]	[●]
2.	Sammir Dattani	363,000	0.50	[●]	[●]
3.	Vajubhai Investments Private Limited	18,000	0.03	[●]	[●]
4.	Vallabhdas Dattani HUF	18,000	0.03	[●]	[●]
5.	Sonali Dattani	168,000	0.23	[●]	[●]
6.	Dineshkumar Dattani HUF	18,000	0.03	[●]	[●]
7.	Geeta Dattani	9,000	0.01	[●]	[●]
8.	Jayshree Dattani	9,000	0.01	[●]	[●]
9.	Anilkumar Dattani HUF	138,000	0.19	[●]	[●]
10.	Pareshkumar V Dattani HUF	228,000	0.32	[●]	[●]
11.	Beena Dattani	266,400	0.37	[●]	[●]
12.	Mikesh Dattani	150,600	0.21	[●]	[●]
13.	Ajaykumar Dattani HUF	600	Negligible	[●]	[●]
14.	Varun Dattani	1,200	Negligible	[●]	[●]
15.	Sammir Dattani HUF	600	Negligible	[●]	[●]
16.	Mikesh Dattani HUF	600	Negligible	[●]	[●]
Total		**1,770,250**	**2.46**		

**Subject to finalisation of Basis of Allotment*

(f) Except as disclosed below, none of the members of the Promoter Group, the Promoters, our Directors and their relatives have purchased or sold any securities of our Company during six months immediately preceding the date of this Draft Red Herring Prospectus.

Date	Nature of Transaction	Nature of consideration	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Total Consideration
October 29, 2021	Transfer from Ajaykumar Dattani to Vallabhdas Dattani	Gift	363,250	10	NA	NA
October 29, 2021	Transfer from Pareshkumar Dattani	Gift	345,000	10	NA	NA

Date	Nature of Transaction	Nature of consideration	Number of Equity Shares	Face Value (₹)	Issue Price (₹)	Total Consideration
	to Sammir Dattani					
November 26, 2021	Transfer from Jyotsna Dattani to Ajaykumar Dattani	Gift	18,000	10	NA	NA
December 10, 2021	Transfer from Ajaykumar Dattani to Nimbus Trust	Distribution to beneficiary of the Trust	10,475,000	10	NA	NA
December 10, 2021	Transfer from Pareshkumar Dattani to P&B Trust	Distribution to beneficiary of the Trust	10,475,000	10	NA	NA
December 10, 2021	Transfer from Anilkumar Dattani to A&J Trust	Distribution to beneficiary of the Trust	10,475,000	10	NA	NA
December 10, 2021	Transfer from Dineshkumar Dattani to D&G Trust	Distribution to beneficiary of the Trust	10,475,000	10	NA	NA

(g) There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of this Draft Red Herring Prospectus.

12. ***Details of Promoters' contribution and lock-in***

(a) Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of 18 months as minimum promoters' contribution from the date of Allotment ("**Promoters' Contribution**"), and the Promoters' shareholding in excess of 20% of the fully diluted post- Offer Equity Share capital shall be locked in for a period of six months from the date of Allotment.

(b) Details of the Equity Shares to be locked-in for 18 months from the date of Allotment as Promoters' Contribution are set forth in the table below*:

Name of the Promoter	Date of allotment of the Equity Shares	Nature of transaction	Date of transaction and when made fully paid-up	Face Value (₹)	Offer / acquisition price per Equity Share (₹)	No. of Equity Shares locked-in	Percentage of the post-Offer paid-up capital (%)	Date up to which the Equity Shares are subject to lock-in
Pareshkumar Dattani	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Ajaykumar Dattani	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Anilkumar Dattani	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Dineshkumar Dattani	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total					[●]	[●]	

**To be included in the Prospectus.*

(c) The Promoters have consented to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. Our Promoters have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Promoters' Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

(d) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

- The Equity Shares offered for Promoters' Contribution do not include Equity Shares acquired in the three immediately preceding years (a) for consideration other than cash involving revaluation of assets or capitalisation of intangible assets and have not been issued against Equity Shares which are otherwise ineligible for Promoters' contribution; or (b) resulting from a bonus issue of Equity Shares out of revaluation reserves or unrealised profits of our Company or from a bonus issuance of Equity Shares against Equity Shares, which are otherwise ineligible for Promoters' Contribution;

- The Promoter's Contribution does not include any Equity Shares acquired during the immediately preceding one year or are not arising out of securities allotted during the immediately preceding one year;

- Our Company has not been formed pursuant to the conversion of a partnership firm or a limited liability partnership firm into a company and, hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm; and

- The Equity Shares forming part of the Promoters' Contribution are not subject to any pledge or any other encumbrance.

13. ***Details of other lock-in***

In addition to the Promoter's Contribution, which will be locked in for 18 months as specified above, the entire pre-Offer Equity Share capital of our Company will be locked in for a period of six months from the date of Allotment pursuant to Regulation 16(1)(b) and Regulation 17 of the SEBI ICDR Regulations, except for (i) the Equity Shares which have been allotted to the employees under the Employee Stock Option Schemes pursuant to exercise of options held by such employees; and (ii) the Equity Shares Allotted pursuant to the Offer.

14. ***Lock-in of Equity Shares Allotted to Anchor Investors***

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.

15. ***Recording on non-transferability of Equity Shares locked-in***

As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

16. ***Other requirements in respect of lock-in***

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan granted by a scheduled commercial bank, a public financial institution, NBFC-SI or a deposit accepting housing finance company, subject to the following:

(a) With respect to the Equity Shares locked-in for six months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan. As on the date of this Draft Red Herring Prospectus, none of the equity shares of Promoters are pledged.

(b) With respect to the Equity Shares locked-in as Minimum Promoters' Contribution for 18 months from the date of Allotment, the loan must have been granted to our Company or our Subsidiaries for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, may be transferred to any member of our Promoter or a new promoter, subject to continuation of lock-in applicable with the transferee for the remaining period (and such transferees shall not be eligible to transfer such Equity Shares until the expiry of the lock-in period) and compliance with provisions of the Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoter prior to the Offer and locked-in for a period of six months, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in with the transferee for the remaining period (and such transferees shall not be eligible to transfer until the expiry of the lock-in period) and compliance with the provisions of the Takeover Regulations.

17. All Equity Shares issued and transferred pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

18. Acquisition price per share of our Promoters, Promoter Group and Selling Shareholders in the last three years:

The details of the price at which Equity Shares were acquired in the three years preceding the filing of this Draft Red Herring Prospectus, by each of the Promoters, members of the Promoter group, Selling Shareholders and shareholders entitled to a right to nominate Directors or any other rights, are as follows:

Name of acquirer	Date of Acquisition	Number of Equity Shares	Acquisition price per share@	Nature of Acquisition
Promoters (also including Promoter Selling Shareholders)				
Anilkumar Dattani*	January 30, 2019	4,45,000	NA	Gift
	January 30, 2019	8,20,000	NA	Gift
	March 9,2019	1,31,62,250	NA	Bonus Issue
	February 2, 2021	15,00,000	NA	Gift
Ajaykumar Dattani*	March 9, 2019	151,23,250	NA	Bonus Issue
	November 26, 2021	18,000	NA	Gift
Dineshkumar Dattani*	March 9, 2019	1,46,56,500	NA	Bonus Issue
Pareshkumar Dattani*	March 9, 2019	1,48,60,500	NA	Bonus Issue
Nimbus Trust	December 10, 2021	1,04,75,000	NA	Gift
D&G Family Trust	December 10, 2021	1,04,75,000	NA	Gift
A&J Family Trust	December 10, 2021	1,04,75,000	NA	Gift
P&B Family Trust	December 10, 2021	1,04,75,000	NA	Gift
Promoter Group (also including Promoter Group Selling Shareholders)				
Vallabhdas Dattani	January 30, 2019	2,50,000	NA	Gift
	March 9, 2019	12,65,000	NA	Bonus Issue
	October 29, 2021	3,63,250	NA	Gift
Sammir Dattani	March 9, 2019	7,500	NA	Bonus Issue
	January 27, 2021	9,000	NA	Gift
	October 21, 2021	3,45,000	NA	Gift
Vajubhai Investments Private Limited*	March 9, 2019	15,000	NA	Bonus Issue
Vallabhdas Dattani HUF*	March 9, 2019	15,000	NA	Bonus Issue
Sonali Dattani*	March 9, 2019	1,40,000	NA	Bonus Issue
Dineshkumar Dattani HUF*	March 9, 2019	15,000	NA	Bonus Issue
Geeta Dattani	March 9, 2019	7,500	NA	Bonus Issue
Sweta Dattani	March 9, 2019	7,500	NA	Bonus Issue
Jayshree Dattani	March 9, 2019	7,500	NA	Bonus Issue
Anilkumar Dattani HUF*	March 9, 2019	1,15,000	NA	Bonus Issue
Pareshkumar V Dattani HUF*	March 9, 2019	1,90,000	NA	Bonus Issue
Beena Dattani*	March 9, 2019	2,22,000	NA	Bonus Issue
Mikesh Dattani*	March 9, 2019	1,25,000	NA	Bonus Issue
	January 27, 2021	600	NA	Gift
Ajaykumar Dattani HUF	March 9, 2019	500	NA	Bonus Issue
Tanvi Dattani	March 9, 2019	500	NA	Bonus Issue
Anjana Dattani	March 9, 2019	500	NA	Bonus Issue
Jyotsna Dattani#	March 9, 2019	15000	NA	Bonus Issue
Varun Dattani	March 9, 2019	500	NA	Bonus Issue
	January 27, 2021	600	NA	Gift
Sammir Dattani HUF	March 9, 2019	500	NA	Bonus Issue
Mikesh Dattani HUF	March 9, 2019	500	NA	Bonus Issue

@ *As certified by JMT and Associates, Chartered Accountants, by way of their certificate dated January 5, 2022.*
\# *Jyotsna Dattani is not holding any shares as on the date of this Draft Red Herring Prospectus.*
* *These shareholders are Selling Shareholders.*

19. As on the date of the Draft Red Herring Prospectus, the Book Running Lead Managers and their respective associates, do not hold any Equity Shares of our Company.

20. As on the date of this Draft Red Herring Prospectus, all the Equity Shares held by our Promoters are held in dematerialized form.

21. Our Company, our Directors and the Book Running Lead Managers have no existing buyback arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

22. Our Company shall ensure that any transaction in the securities of the Company by the Promoters and the Promoter Group during the period between the date of filing of this Draft Red Herring Prospectus and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.

23. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

24. As on the date of the filing of this Draft Red Herring Prospectus, our Company has 24 Shareholders.

25. Except as disclosed in "*Our Management - Shareholding of the Directors"* on page 203, none of our Directors hold any Equity Shares as on the date of this Draft Red Herring Prospectus. Further, as disclosed in "*Our Management - Shareholding of the Key Managerial Personnel"* on page 218, none of the Key Managerial Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

26. No person connected with the Offer, including the Selling Shareholders, shall offer or make payment of any incentive, whether direct or indirect, in any manner, whether in cash or kind or otherwise, to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.

27. Our Company shall ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

28. The Offer is being made through the Book Building Process in terms of Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs and the Selling Shareholders, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All potential Bidders (except Anchor Investors) are mandatorily required to utilise the ASBA process providing details of their respective ASBA accounts and UPI ID in case of RIBs using the UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by SCSBs) or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA Process. For further details, see "*Offer Procedure*" on page 357.

29. Except for the Pre-IPO Placement of securities, Equity Shares that may be allotted pursuant to the exercise of employee stock options granted under the ESOP Scheme, and a further issue of securities, in one or more tranches, aggregating up to ₹ 500 million, in favour of non-promoters, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and the Offer for Sale.

Offer for Sale

The Selling Shareholders will be entitled to their respective proceeds of the Offer for Sale. Our Company will not receive any proceeds of the Offer for Sale.

Objects of the Fresh Issue

Our Company proposes to utilise the Net Proceeds towards funding of the following objects:

1. Prepayment or scheduled repayment of all, or a portion, of certain outstanding borrowings availed by our Company;

2. Funding working capital requirements of our Company; and

3. General corporate purposes.

The main objects set out in the Memorandum of Association enable our Company (i) to undertake our existing business activities; and (ii) to undertake the activities proposed to be funded from the Net Proceeds. Further, our Company expects to receive the benefits of listing of the Equity Shares, including to enhance our visibility and our brand image among our existing and potential customers, and to create a public market for our Equity Shares in India.

Proceeds of the Fresh Issue

The details of the proceeds of the Fresh Issue are summarised in the following table:

(in ₹ million)

Particulars	Estimated amount^#
Gross Proceeds(1)	5,000
(Less) Offer related expenses to the extent attributable to the Fresh Issue	[●]
Net Proceeds#	[●]

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with RoC.
#Our Company may, in consultation with the BRLMs, consider undertaking a Pre – IPO Placement. If the Pre-IPO Placement is completed, the Fresh Issue size will be reduced to the extent of such Pre-IPO Placement, subject to compliance with Rule 19(2)(b) of the SCRR
^ Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of securities pursuant to the Pre-IPO Placement, our Company shall utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer.

Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilised in the following manner:

(in ₹ million)

Particulars	Amount^
Prepayment or scheduled repayment of all, or a portion, of certain outstanding borrowings availed by our Company	3,250.00
Funding working capital requirements of our Company	650.00
General corporate purposes(1)	[●]
Total	[●]

(1)To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.
^ Includes the proceeds, if any, received pursuant to the Pre-IPO Placement. Upon allotment of securities pursuant to the Pre-IPO Placement, our Company shall utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer.

(collectively, the "**Objects**")

Proposed Schedule of Implementation and Deployment of Net Proceeds

The following table sets forth the schedule of the expected deployment of Net Proceeds:

(₹ in million)

Particulars	Amount to be funded from the Net Proceeds	Estimated deployment
		Fiscal 2023
Prepayment or scheduled repayment of all, or a portion, of outstanding borrowings mentioned below availed by our Company	3,250.00	3,250.00
Funding working capital requirements of our Company	650.00	650.00
General corporate purposes[(1)]	[●]	[●]
Total	[●]	[●]

[(1)] *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with RoC.*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds, as indicated above, are based on our current business plan and circumstances, management estimates, prevailing market conditions and other commercial and technical factors, which are subject to change from time to time. These fund requirements have not been appraised by any bank, financial institution or any other external agency. Our Company may have to revise its funding requirements and deployment on account of a variety of factors, including but not limited to our financial and market condition, business and strategy, competition, interest or exchange rate fluctuations and other external factors, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to applicable law. *For further details, please see, "Risk Factors – Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval." on page 45.*

In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds, as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to availability and compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds, our management may explore a range of options including utilising our internal accruals or seeking additional equity and / or debt arrangements from existing and future lenders. If the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for (i) general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations; or (ii) towards any other object where there may be a shortfall, at the discretion of the management of our Company and in compliance with applicable laws.

In the event the Net Proceeds are not completely utilised for the objects stated above by the end of Fiscal 2023, such amounts will be utilised (in part or full) in subsequent periods, as determined by our Company, in accordance with applicable law. Further, if the Net Proceeds are not completely utilised for the objects during the respective periods stated above due to factors such as (i) economic and business conditions; (ii) timely completion of the Offer; (iii) market conditions outside the control of our Company; and (iv) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company, in accordance with applicable laws.

Details of the utilisation of the Net Proceeds

1. **Prepayment or scheduled repayment of all or a portion of certain outstanding borrowings availed by our Company**

Our Company has entered into various borrowing arrangements with banks, financial institutions and other entities for borrowings in the form of, amongst other things, fund based and non-fund based working capital facilities, term loans and external commercial borrowings. As on October 31, 2021, the total fund based outstanding borrowings of our Company is ₹ 4,350.35 million. For details of these financing arrangements including indicative terms and conditions, see "*Financial Indebtedness*" on page 323.

Our Company intends to utilize ₹ 3,250 million from the Net Proceeds towards prepayment or scheduled repayment of all, or a portion, of the principal amount on certain loans availed by our Company and the accrued interest thereon, the details of which are listed out in the table below. Pursuant to the terms of the borrowing arrangements, prepayment of certain indebtedness may attract prepayment charges as prescribed by the respective lender. Such prepayment charges, as applicable, will also be funded out of the Net Proceeds. In the event the Net Proceeds are insufficient for payment of pre-payment penalty, as applicable, such payment shall be made from the internal accruals of our Company.

Given the nature of the borrowings and the terms of repayment or prepayment, the aggregate outstanding amounts under the borrowings 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. Further, the amounts outstanding under the borrowings as well as the sanctioned limits are dependent on several factors and may vary with the business cycle of our Company with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits. Further, our Company may also avail additional borrowings after the date of this Draft Red Herring Prospectus and/or draw down further funds under existing loans from time to time. Accordingly, in case any of the below loans are pre-paid or further drawn-down prior to the completion of the Offer, we may utilize the Net Proceeds towards repayment / pre-payment of such additional indebtedness. In light of the above, if at the time of filing the Red Herring Prospectus, any of the below mentioned loans are repaid in part or full or refinanced or if any additional credit facilities are availed or drawn down and if the terms of new loans are more onerous than the older loans or if the limits under the working capital borrowings are increased, then the table below shall be suitably revised to reflect the revised amounts or loans as the case may be which have been availed by our Company.

We believe that the pre-payment or scheduled repayment of a portion of certain outstanding borrowings availaed by us will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion.

The details of the outstanding loans proposed for repayment or prepayment, in full or in part from the Net Proceeds are set forth below:

Sr No	Name of the lender	Date of sanction letter/ facility agreement	Nature of loan	Rate of interest (% per annum)	Amount sanctioned as at October 31, 2021 (₹ in million)	Total outstanding amount (Principal Amount) as on October 31, 2021 (₹ in million)	Repayment Schedule	Prepayment penalty, if any	Purpose of loan [(1)]
1.	Bank of Baroda	Term Loan Agreement dated January 10, 2013, Supplemental Joint Term Loan Agreement dated April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement	Term Loan (TL-V)	1.55% above 1-year MCLR + SP, with monthly rest and annual reset	64.90	52.70	Total period of seven years and nine months, including a moratorium of 12 months; 28 quarterly instalments - 27 equal quarterly instalments of ₹ 3.57 million each and a last instalment of ₹ 3.61 million. The repayment schedule commenced from April 1, 2018. [(2)]	Prepayment charges on term loan @ 2.00% per annum of the amount prepaid for the residual period of the loan + applicable service tax, if the prepayment is not made from own sources / internal accruals	For acquiring capital assets for expansion of PFY division

		dated July 13, 2021 and Sanction Letter dated March 2, 2021							
2.	Bank of Baroda	Term Loan Agreement dated January 10, 2013, Joint Term Loan Agreement dated March 26, 2014, Supplemental Joint Term Loan Agreement dated April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021	Term Loan (TL-VI)	1.55% above 1-year MCLR + SP, with monthly rest and annual reset	32.30	14.20	32 equal quarterly instalments of ₹ 4.17 million each, which commenced from October 2014. Interest to be served as and when charged in the account even during holiday period (2)		Construction of factory building for housing machinery of the Company
3.	Bank of Baroda	Term Loan Agreement dated January 10, 2013, and Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021	Term Loan (TL-VII) (Fresh)	1.55% above 1-year MCLR + SP with monthly rest and annual reset	100.00	94.72	38 quarterly instalments of ₹ 2.64 million each, which commenced from September 30, 2021. Interest to be served as and when debited, even during holiday period.		To part-finance purchase of IDY machinery
4.	Bank of Baroda	Term Loan Agreement dated January 10, 2013 and Joint Term Loan Agreement dated March 26, 2014, Supplemental	Term Loan (TL-III)	1.55% above 1-year MCLR + SP with monthly rest and annual reset	264.30	169.40	28 quarterly instalments of ₹19.21 million each, which commenced from February 2017. Interest to be		To part-finance the cost of project of cotton spinning unit

		Joint Term Loan Agreement April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021					served as and when charged in the account. (2)		
5.	Bank of Baroda	Term Loan Agreement dated January 10, 2013, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019 and Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021	Term Loan – V	1.55% above 1-year MCLR + SP with monthly rest and annual reset. Foreign currency term loan - 6 months LIBOR+3.60% p.a.	1,860.00	1,746.22 (1,693.42 – FCTL, *i.e.*, Foreign Currency Term Loan) *@	40 quarterly instalments of ₹ 46.50 million each, commencing from 12 months after achieving COD or April 2021, whichever is earlier. Interest to be served as and when debited even during the holiday period.		To part-finance the cost of project of cotton spinning unit
6.	Bank of Baroda	Term Loan Agreement dated January 10, 2013 and Joint Term Loan Agreement dated March 26, 2014, Supplemental Joint Term Loan Agreement April 27, 2017, Second Supplemental	Term Loan (Term Loan – I)	1.85% above 1-year MCLR + SP with monthly rest and annual reset	389.10	162.20	Refer Note 1(2)		To part-finance the cost of project of CP Plant

		Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021							
7.	Bank of Baroda	Term Loan Agreement dated January 10, 2013 and Joint Term Loan Agreement dated March 26, 2014, Supplemental Joint Term Loan Agreement April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021	Term Loan (Term Loan – II)	1.85% above 1-year MCLR + SP with monthly rest and annual reset	234.40	101.20	Refer Note 2 (2)		To part-finance the cost of project of CP Plant
8.	Union Bank of India	Term Loan Agreement dated January 10, 2013 and Joint Term Loan	Term Loan	Six months LIBOR + 360 bps, RTL – 1 YR MCLR	392.50	159.51 (146.81 - FCTL)*#	Refer Note 3 Interest to be served as and when charged	Prepayment charges of 1% per annum shall be applicable in case the prepayment is	Implementation of the Project.

		Agreement dated March 26, 2014, Supplemental Joint Term Loan Agreement April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021		+ 2.45%				done on any other dates. Prepayment penalty will also be payable @ 1% in case the borrower prepays the debt by way of funds other than fresh equity or internal accruals.	
9.	Union Bank of India	Term Loan Agreement dated January 10, 2013, Supplemental Joint Term Loan Agreement April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated March 2, 2021	Term Loan	Six months LIBOR + 425 bps, RTL - 1 YR MCLR + 2%	1,451.40	1,239.66 (1,050.50 - FCTL)*&	Refer Note 4(2)		Financing the project of capacity expansion in the existing project of the Company at Survey Plot No. 187/4//1/2, Near Surangi Bridge, Village Dapada, Surangi, Silvassa, D & N.H. (UT) 396230
		Total				**3,739.81**			

**Euro and USD exchange conversion rate as on October 31, 2021 is ₹87.26 and ₹74.78, respectively. Exchange rate as on October 29, 2021 is*

considered, as RBI Reference Rate is not available for October 30, 2021 and October 31, 2021 being Saturday and Sunday respectively.
@*Amount outstanding as on October 31, 2021 includes USD* 22,643,633.12 which is converted into *₹1,693.42 million*
#*Amount outstanding as on October 31, 2021 includes USD 1,963,050.69 which is converted into ₹ 146.81 million*
& *Amount outstanding as on October 31, 2021 includes Euro 12,038,435.35 which is converted into ₹ 1050.50 million*
(1) *As per the certificate dated* January 6, *2022 issued by Walker Chandiok & Co LLP, Statutory Auditors, the facilities have been utilised for the purposes for which they were sanctioned*
(2) *In view of the COVID-19 pandemic, the RBI had, by way of a circular bearing no. RBI/2019-20/186, dated March 27, 2020 and a circular bearing no. RBI/2019-20/244, dated May 23, 2020, amongst other things, permitted the lending institutions to defer the recovery of interest in respect of term loans during the period commencing from March 1, 2020 until August 31, 2020. Also, as per these circulars, the repayment schedule for such loans and the residual tenor, was shifted across by six months. Accordingly, our Company had applied for the aforementioned moratorium benefits for the period commencing from March 1, 2020 until August 31, 2020 for interest and principal repayment for all the term loans. Our Company has repaid the interest portions, as and when due, as per the moratorium scheme.*

Note 1:

Repayment schedule (Instalments)	***Amount (₹ in million)***
Four Quarterly Instalments of ₹ 6.02 million each, which commenced from June 30, 2014	*24.09*
Four Quarterly Instalments of ₹12.04 million each, which commenced from June 30, 2015	*48.18*
Eight Quarterly Instalments of ₹ 40.15 million each, which commenced from June 30, 2016	*321.23*
Sixteen Quarterly Instalments of ₹ 55.71 million each, which commenced from June 30, 2018	*891.40*
Total – 32 Instalments	***1,284.90***

Note 2:

Repayment schedule (Instalments)	***Amount (₹ in million)***
Four Quarterly Instalments of ₹ 3.39 million each, which commenced from June 30, 2014	*13.58*
Four Quarterly Instalments of ₹ 6.79 million each, which commenced from June 30, 2015	*27.17*
Eight Quarterly Instalments of ₹ 22.64 million each, which commenced from June 30, 2016	*181.17*
Sixteen Quarterly Instalments of ₹ 31.42 million each, which commenced from June 30, 2018	*502.76*
Total – 32 Instalments	***724.70***

Note 3:

Repayment schedule (Instalments)	***Amount (₹ in million)***
Four Quarterly Instalments of ₹ 4.68 million	*18.57*
Four Quarterly Instalments of ₹9.37 million	*37.50*
Eight Quarterly Instalments of ₹ 31.25 million	*250.00*
Sixteen Quarterly Instalments of ₹ 43.35 million	*693.744*
Total – 32 Instalments	***1,000***

Note 4:

Financial Year	***No. of Quarters***	***%***	***Amount (₹ in million)***
2018-19	*2*	*5*	*78.85*
2019-20	*4*	*10*	*157.71*
2020-21	*4*	*10*	*157.71*
2021-22	*4*	*10*	*157.71*
2022-23	*4*	*10*	*157.71*
2023-24	*4*	*10*	*157.71*
2024-25	*4*	*10*	*157.71*
2025-26	*4*	*10*	*157.71*
2026-27	*4*	*10*	*157.71*
2027-28	*4*	*10*	*157.71*
2028-29	*2*	*5*	*78.85*
Total	***40 Instalments***	***100***	***1,577.10***

2. Funding incremental working capital requirements of our Company

We have working capital requirements in our business, and we fund our working capital requirements in the ordinary course of business from our internal accrual, financing from various banks and financial institutions. As of October 31, 2021, our fund based working capital facilities and non-fund based working capital facilities was NIL and ₹ 4,151.57 million respectively.

Our Company requires additional working capital for executing its future orders that may be received, for funding future growth requirements of our Company and for other strategic, business and corporate purposes.

Set forth below are the current assets and working capital requirement of our Company as on March 31, 2019, 2020, 2021 as per the Restated Financial Statement and as certified by JMT and Associates independent chartered accountant by way of their certificate dated January 5, 2022. As of October 31, 2021, the aggregate amount sanctioned by the banks to our Company under the fund based working capital facilities amounted to ₹1,500 million For details of the working capital facilities availed by us, see "*Financial Indebtedness*" on page 323.

Basis of estimation of incremental working capital requirement

Details of the Company's composition of working capital as at March 31, 2019, March 31, 2020 & as at March 31, 2021 based on the Restated Financial Statement and source of funding of the same are as set out in the table below:

Particulars	March 31, 2019	March 31, 2020	March 31, 2021
Current Assets			
Inventories			
Raw materials	1,131.69	1,048.40	1,606.21
Work-in-progress	86.45	4.36	8.59
Finished goods	1,100.67	1,041.70	964.00
Intermediate products	230.47	195.57	232.12
Stock-in-trade	-	0.12	2.70
Stores and packing materials	134.53	158.45	175.30
Trade Receivables	1,148.73	1,011.64	1,294.91
Cash and Cash Equivalents	206.97	28.96	265.31
Other Bank Balances	58.73	151.60	323.90
Other Financial Assets	22.30	223.00	296.56
Other Current Assets	940.37	1,450.21	2,169.28
TOTAL CURRENT ASSETS	**5,060.91**	**5,314.01**	**7,338.88**
Current Liabilities (excluding borrowings and income tax liabilities)			
Trade Payables	3,022.44	2,468.00	3,553.78
Other Financial Liabilities	277.94	545.50	288.22
Other Current Liabilities	97.61	85.32	197.31
Provisions	17.40	16.18	26.93
TOTAL CURRENT LIABILITY	**3,415.39**	**3,114.99**	**4,066.24**
TOTAL WORKING CAPITAL REQUIREMENT	**1,645.54**	**2,199.01**	**3,272.64**
FUNDING PATTERN			
IPO Proceeds	-	-	-
Cash credit facilities	1,127.72	1,179.90	109.52
Internal Accruals	517.82	1,019.11	3,163.13
TOTAL WORKING CAPITAL REQUIREMENT	**1,645.54**	**2,199.01**	**3,272.64**

**Certified by JMT and Associates, Chartered Accountants, pursuant to their certificate dated January 5, 2022.*

Expected working capital requirements

The estimates of the working capital requirements for the Financial Years ended March 31, 2022 and March 31, 2023 have been prepared based on the management estimates of current and future financial performance. The projection has been prepared using set of assumptions that include assumptions about future events and management's action that are not necessarily expected to occur.

On the basis of our existing working capital requirements and estimated working capital requirements, our Board pursuant to its resolution dated January 3, 2022 has approved the projected working capital requirements for Financial Year 2022 and Financial Year 2023, together with the assumptions and justifications for holding levels, and the proposed funding of such working capital requirements, as set forth below:

Details of the Company's projected working capital requirements for Financial Year 2022 and Financial Year 2023, together with the assumptions and justifications for holding levels, and the proposed funding of such working capital requirements, are as set forth below:

Particulars	March 31, 2022	March 31, 2023
Current Assets		
Inventories		
Raw materials*	1,559.25	1,670.59
Work-in-progress	-	-
Finished goods	1,642.79	1,760.08
Intermediate products#	-	-
Stock-in-trade	-	-
Stores and packing materials*	250.59	268.49
Trade Receivables	1,841.23	2,112.20
Cash and Cash Equivalents	383.59	440.04
Other Bank Balances	306.87	352.03
Other Financial Assets	230.15	264.02
Other Current Assets	2,301.53	2,640.25
TOTAL CURRENT ASSETS	**8,516.01**	**9,507.70**
Current Liabilities (excluding borrowings and income tax liabilities)		
Trade Payables	3,898.14	4,176.47
Other Financial Liabilities	306.87	352.03
Other Current Liabilities	153.44	176.02
Provisions	26.85	30.80
TOTAL CURRENT LIABILITIES	**4,385.29**	**4,735.32**
TOTAL WORKING CAPITAL REQUIREMENT	**4,130.72**	**4,772.38**
FUNDING PATTERN		
IPO Proceeds	-	650.00
Cash credit facilities	-	-
Internal Accruals	4,130.72	4,122.38
TOTAL WORKING CAPITAL REQUIREMENT	**4,130.72**	**4772.38**

** As certified by JMT and Associates, Chartered Accountants, by way of their certificate dated January 5, 2022.*

Accordingly, we propose to utilise ₹ 650 million from the Net Proceeds to fund working capital requirements of our Company in Financial Year 2023.

Assumptions for our estimated working capital requirement

Particulars	Holding Levels (March 31, 2019)	Holding Levels (March 31, 2020)	Holding Levels (March 31, 2021)	Holding Levels (March 31, 2022)	Holding Levels (March 31, 2023)	Basis for calculation of holding period
Current Assets						
Inventories						
Raw materials*	25 Days	27 Days	53 Days	28 Days	28 Days	Raw Materials Consumed

Particulars	Holding Levels (March 31, 2019)	Holding Levels (March 31, 2020)	Holding Levels (March 31, 2021)	Holding Levels (March 31, 2022)	Holding Levels (March 31, 2023)	Basis for calculation of holding period
Work-in-progress	2 Days	0 Days	0 Days	0 Days	0 Days	Raw Materials Consumed
Finished goods	24 Days	27 Days	32 Days	30 Days	30 Days	Raw Materials Consumed
Intermediate products#	5 Days	5 Days	8 Days	0 Days	0 Days	Raw Materials Consumed
Stock-in-trade	0 Days	0 Days	0 Days	0 Days	0 Days	Raw Materials Consumed
Stores and packing materials*	3 Days	4 Days	6 Days	5 Days	5 Days	Raw Materials Consumed
Trade Receivables	18 Days	17 Days	25 Days	24 Days	24 Days	Revenue from Operations
Cash and Cash Equivalents	3 Days	0 Days	5 Days	5 Days	5 Days	Revenue from Operations
Other Bank Balances	1 Days	3 Days	6 Days	4 Days	4 Days	Revenue from Operations
Other Financial Assets	0 Days	4 Days	6 Days	3 Days	3 Days	Revenue from Operations
Other Current Assets	15 Days	25 Days	41 Days	30 Days	30 Days	Revenue from Operations
	95 Days	**112 Days**	**182 Days**	**128 Days**	**128 Days**	
<u>Current Liabilities (excluding borrowings and income tax liabilities)</u>						
Trade Payables	66 Days	64 Days	118 Days	70 Days	70 Days	Raw Materials Consumed
Other Financial Liabilities	4 Days	9 Days	5 Days	4 Days	4 Days	Revenue from Operations
Other Current Liabilities	2 Days	1 Days	4 Days	2 Days	2 Days	Revenue from Operations
Provisions	0 Days	0 Days	1 Days	0 Days	0 Days	Revenue from Operations
	72 Days	**75 Days**	**128 Days**	**76 Days**	**76 Days**	
Working Capital Cycle	**24 Days**	**38 Days**	**54 Days**	**52 Days**	**52 Days**	

**Certified by JMT and Associates, Chartered Accountants, pursuant to their certificate dated January 5, 2022.*

The table below sets forth the key assumptions for our working capital projections:

Sr. No.	Particulars	No. of days
1	**Inventories**	**Raw Materials** Our company caters to both domestic as well as international customers. We have maintained raw material inventory between 25-27 days during FY19 and FY20. Raw material holding period in FY 2021 is higher because of lower raw material consumption due to Covid lockdown. Going forward to ensure uninterrupted manufacturing and production, we have assumed 28 days of raw materials inventory for March 31, 2022 and March 31, 2023. This will ensure that there is no supply chain disruption impacting the production. **Work in Progress** Our production processes emphasize on ensuring shorter lead times and cost competitiveness, which helps us maintain work-in-progress holding period of 0- 1 days, which going forward shall be maintained at similar levels ensuring efficient customer production processes **Finished Goods** To achieve cost competitiveness and shorter lead times through constant innovation, we need to maintain efficient finished goods inventory levels. From March 31, 2019 to March 31, 2021 our finished goods days ranged between 24-32 days, which we assume to continue on similar levels of 30 days for March 31, 2022 and March 31, 2023. **Stores, spares, and consumables** Based on the past trends we have assumed a requirement of 5 days in Fiscal 2023
2	**Trade Receivables**	Our Company were in the range of 17- 18 days of receivables in FY 20 and FY 21 as we enjoy good long-standing customer relationships. The collection cycle has been elongated in Fiscal 2021 due the pandemic situation and due to continuation of the situation we have assumed receivables of 24 days for March 31, 2022 and March 31, 2023.
3	**Trade Payables**	Our trade payables have been in the range of 64-66 days, in FY 20 and FY21 which had increased to 118 days due to lower raw material consumption due to Covid lockdown in fiscal 21. Going forward we have been assumed trade payable levels of 70 days for March 31, 2022 and March 31, 2023.

* As certified by JMT and Associates, Chartered Accountants, by way of their certificate dated January 5, 2022.

3. General Corporate Purposes

The Net Proceeds will first be utilized for the Object set out above, post which, our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] million towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise the Net Proceeds, includes but are not restricted to strategic initiatives, meeting funding requirements for expansion of our business operations and growth opportunities, strengthening marketing capabilities and brand building exercises, providing security deposits and cash collaterals and for meeting exigencies, repayment of debt, working capital requirements, expenses of our Company, as applicable and any other purpose, as may be approved by the Board or a duly constituted committee thereof subject to compliance with Companies Act and other applicable laws.

Our Company's management shall have flexibility in utilising surplus amounts, if any. In addition to the above, our Company may utilise the Net Proceeds towards other expenditure, as may be considered expedient, and as approved periodically by our Board or a duly constituted committee thereof, subject to compliance with necessary provisions of the Companies Act and the SEBI Listing Regulations.

Means of Finance

The fund requirements set out above are proposed to be funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from Offer. In case of shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilising our internal accruals and/ or availing further borrowings. Subject to applicable law, if the actual utilisation towards the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ [●] million.

The Offer related expenses primarily include fees payable to the BRLMs and legal counsels, fees payable to the Auditors, brokerage and selling commission, underwriting commission, commission payable to Registered Brokers, RTAs, CDPs, SCSBs' fees, Sponsor Bank's fees, Registrar's fees, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

Other than the listing fees for the Offer, which will be borne by our Company, and the fees and expenses of the legal counsel and the chartered accountants to the Selling Shareholders, which will be borne by the Selling Shareholders, all cost, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis. However, for ease of operations, expenses of the Selling Shareholders may, at the outset, be borne by our Company on behalf of the Selling Shareholders, and the Selling Shareholders agrees that it will reimburse our Company for all such expenses, upon successful completion of the Offer, in accordance with applicable laws.

The estimated Offer related expenses are as under:

Activity	Estimated expenses(1) (in ₹ million)	As a % of the total estimated Offer expenses(1)	As a % of the total Offer size(1)
BRLMs' fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Selling commission/processing fee for SCSBs, Sponsor Bank and fee payable to the Sponsor Bank for Bids made by RIBs(2)(3)(4)(6)	[●]	[●]	[●]

Activity	Estimated expenses[1] (in ₹ million)	As a % of the total estimated Offer expenses[1]	As a % of the total Offer size[1]
Brokerage and selling commission and bidding charges for members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs[5]	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the other advisors to the Offer	[●]	[●]	[●]
Others			
- Listing fees, SEBI filing fees, Stock Exchange processing fees, book building software fees and other regulatory expenses, printing and stationery expenses, advertising and marketing expenses for the Offer, fees payable to the monitoring agency and fees payable to the legal counsel;	[●]	[●]	[●]
- Printing and stationery	[●]	[●]	[●]
- Miscellaneous	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

(1) *Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows:*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

(3) *No processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

Portion for Retail Individual Bidders	₹[●] *per valid application (plus applicable taxes)*
Portion for Non-Institutional Bidders	₹[●] *per valid application (plus applicable taxes)*

(4) *The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:*

Sponsor Bank	₹[●] *per valid Bid cum Application Form* (plus applicable taxes)* *The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.*

**For each valid application*

(5) *Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

Portion for Retail Individual Bidders	*[●]% of the Amount Allotted* (plus applicable taxes)*
Portion for Non-Institutional Bidders	*[●]% of the Amount Allotted* (plus applicable taxes)*

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price*

(6) *The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.*

Note: The brokerage/selling commission payable to the Syndicate/sub-syndicate members will be determined on the basis of the ASBA Form number/series, provided that the application is also bid by the respective Syndicate/sub-syndicate member. For clarification, if an ASBA bid on the application form number/series of a Syndicate/sub-syndicate member, is bid for by an SCSB, the brokerage/selling commission will be payable to the SCSB and not to the Syndicate/sub-syndicate member. The brokerage/selling commission payable to the SCSBs, RTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid book of either of the Stock Exchanges. The bidding charges payable to the Syndicate/sub-syndicate members will be determined on the basis of the bidding terminal ID as captured in the Bid book of the Stock Exchanges. Payment of brokerage/selling commission payable to the sub-brokers/agents of the sub-syndicate members shall be handled directly by the sub-syndicate members, and the necessary records for the same shall be maintained by the respective sub-syndicate member.

The selling commission or charges, as the case may be, payable to SCSBs, members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs is subject to finalization of the Basis of Allotment.

The Offer expenses shall be payable in accordance with the arrangements or agreements entered into by our Company with the respective Designated Intermediary.

Interim Use of Funds

Pending utilization for the purposes described above, our Company undertakes to temporarily invest the funds from the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as amended, in accordance with the SEBI ICDR Regulations. In accordance with Section 27 of the Companies Act 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Loan

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are required to be repaid from the Net Proceeds.

Monitoring of Utilization of Funds

The Monitoring Agency shall be appointed for monitoring the utilisation of Net Proceeds prior to the filing of the Red Herring Prospectus in accordance with Regulation 41(2) of the SEBI ICDR Regulations. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors. Further, in accordance with the Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net Proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, and explanation for such variation (if any) will be included in our Director's report, after placing such information before our Audit Committee.

Variation in objects of the Offer

In accordance with Sections 13(8) and 27 of the Companies Act 2013, our Company shall not vary the objects of the Offer unless our Company is authorized to do so by way of a special resolution through a postal ballot of its Shareholders and such variation will be in accordance with the applicable laws including the Companies Act 2013 and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to Sections 13(8) and 27 of the Companies Act 2013, our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, subject to the provisions of the Companies Act 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act 2013 and the SEBI ICDR Regulations.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilized have been appraised by any agency or bank/financial institution.

Other Confirmations

No part of the Net Proceeds will be paid to our Promoters and Promoter Group, our Directors, our Group Company or our Key Managerial Personnel. Our Company has not entered into, nor has planned to enter into any arrangement/ agreements with our Directors, our Key Management Personnel, or our Group Company in relation to the utilization of the Net Proceeds of the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Investors should also see "*Our Business*", "*Risk Factors*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 166, 31, 293 and 230, respectively, to have an informed view before making an investment decision.

Qualitative Factors

We believe the following business strengths allow us to successfully compete in the industry:

- We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors.
- Focus on the product development of new products, through R&D and process innovation.
- Fully integrated yarn manufacturing set up at a strategic location catering to global suppliers.
- Long standing association with leading consumer brands with a low customer concentration.
- Deep knowledge and understanding of optimal product assortment and strong supplier network enabling procurement at predicable and competitive pricing, leading to an overall efficient cycle.
- Healthy financial performance
- Experienced management team with a proven track record

For details, see "*Our Business – Our Strengths*" on page 167.

Quantitative Factors

Some of the information presented below relating to our Company is derived from the Restated Financial Statement. For details, see "*Financial Statements*" on page 230.

Some of the quantitative factors which may form the basis for computing the Offer Price are as follows:

A. Basic and Diluted Earnings Per Share ("EPS"):

Particulars	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
Financial Year 2021	25.80	25.80	3
Financial Year 2020	6.40	6.40	2
Financial Year 2019	7.68	7.68	1
Weighted Average	**16.31**	**16.31**	
September 30, 2021 (not annualised)	23.75	23.75	

Notes:

i. *The face value of each Equity Share is ₹ 10.*

ii. *Earnings per share calculations are done in accordance with Accounting Standard 20 "Earnings Per Share" ("AS 20") as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014.*

iii. *Basic Earnings per share = Profit for the period / Weighted average number of equity shares outstanding during the period/year.*

iv. *Diluted Earnings per share = Profit for the period / Weighted average number of potential equity shares outstanding during the period/year.*

v. *Weighted average is aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. {(EPS x Weight) for each year} / {Total of weights}*

vi. *The figures disclosed above are based on the Restated Financial Statement of our Company.*

B. Price/Earning ("P/E") ratio in relation to the Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the Floor Price (no. of times)	P/E at the Cap Price (no. of times)
Based on basic EPS for Financial Year 2021	[●]	[●]
Based on diluted EPS for Financial Year 2021	[●]	[●]

Industry Peer Group P/E ratio

Particulars	Industry P/E
Highest	47.06
Lowest	13.01
Average	31.69

Notes:

i. *The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average of P/E for industry peer set disclosed in this section. For further details, see "Comparison with listed industry peers" on page 109.*

C. Return on Equity ("RoE")

Derived from the Restated Financial Statement:

Particulars	RoE (%)	Weight
Financial Year 2021	29.42%	3
Financial Year 2020	10.36%	2
Financial Year 2019	13.82%	1
Weighted Average	**20.44%**	
September 30, 2021*	21.32%	

**Not annualised*

Notes:

i. *The figures disclosed above are based on the Restated Financial Statement of our Company.*

D. Net Asset Value# ("NAV") per Equity Share

Fiscal year ended	NAV per Equity Share (₹)
As on March 31, 2021	87.70
As on September 30, 2021	111.34
After the completion of the Offer	At Floor Price: [●]
	At Cap Price: [●]
Offer Price	[●]

 # Net Asset Value = Total Equity/Number of paid-up Equity Shares

Notes:

i. *Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

ii. *Net asset value per share= Net worth, as restated, as at period/year end / Number of outstanding equity shares as at period/ year end*

iii. *The figures disclosed above are based on the Restated Financial Statement of our Company.*

E. Comparison with Listed Industry Peers

Name of the company	Total Revenue from operations (₹ in million)	Face Value per equity share (₹)	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RoE (%)	NAV per equity share (₹)
Sanathan Textiles Ltd	19,183.55	10.00	NA	25.80	25.80	29.42%	87.70
Listed Peers							
K.P.R. Mill Ltd[1]	35,302	1.00	47.06	14.98	14.98	21.9%	68.31
Vardhman Textiles Ltd	61,399	10.00	34.55	72.52	72.07	6.4%	1,147.81
Indo Count Industries Ltd	25,192	2.00	20.08	12.70	12.70	19.3%	653.54
Filatex India Ltd	22,272	2.00	13.01	7.51	7.47	21.7%	34.53
Garware Technical Fibres Ltd	10,346	10.00	43.73	74.64	74.64	19.5%	393.39

**Financial information for our Company is derived from Restated Financial Statement of our Company. For the year ended March 31, 2021.*

Source: All the financial information for listed industry peers mentioned above is on consolidated a basis and is sourced from the annual reports/ financial results as available of the respective company for the year ended March 31, 2021 submitted to stock exchanges or on company's website as available

Notes:

1. *K.P.R. Mill Ltd numbers adjusted for Stock Split from Rs.5/- to Rs.1/- on September 24, 2021*
2. *Basic EPS refers to the Basic EPS sourced from the annual report/ financial results of the respective company for the year ended March 31, 2021*

3. *Diluted EPS refers to the Diluted EPS sourced from the annual report/ financial results of the respective company for the year ended March 31, 2021*

4. *P/E Ratio has been computed based on the closing market price of equity shares on NSE on January 3, 2022 divided by the Diluted EPS*

5. *RoNW is computed as net profit after tax divided by closing net worth as at March 31, 2021*

6. *Net worth has been computed as sum of share capital, reserves and surplus and employee stock options outstanding, as applicable*

7. *Net Asset Value is computed as the closing net worth divided by the equity shares outstanding as at March 31, 2021*

F. The Offer price is [●] times of the face value of the Equity Shares

The Offer Price of ₹ [●] has been determined by our Bank in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

Investors should read the abovementioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 31, 166, 293 and 230, respectively, to have a more informed view. The trading price of Equity Shares could decline due to factors mentioned in "*Risk Factors*" beginning on page 31 and you may lose all or part of your investments.

STATEMENT OF SPECIAL TAX BENEFITS

Statement of Tax Benefits

To
The Board of Directors
Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
SRV No. 187/4/1/2, Near Surangi Bridge
Surangi, Dadra and Nagar Haveli
Dadra and Nagar Haveli – 396230

Proposed initial public offering of equity shares of face value of Rs. 10 each ('Offer') by Sanathan Textiles Limited (Formerly known as Sanathan Textiles Private Limited) (the 'Issuer' or 'Company')

1. This report is issued in accordance with the terms of our engagement letter dated 11 December 2021.

2. The accompanying Statement of Possible Special Tax Benefits available to the Company and its shareholders (hereinafter referred to as the 'Statement') under the Income-tax Act, 1961 (read with Income-tax Rules, 1962, circulars, notifications) as amended by the Finance Act, 2021 , presently in force in India (hereinafter referred to as the 'Income Tax Regulations') has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

Management's Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Red Herring Prospectus ('DRHP') is the responsibility of the management of the Company and has been approved by the IPO Committee of the Board of Directors of the Company at its meeting held on 06 January 2022 for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor's Responsibilities

4. Our work has been carried out in accordance with Standards on Auditing, the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the 'ICAI'). The Guidance note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the 'SEBI ICDR Regulations') and the Companies Act, 2013 (the 'Act'), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements issued by the ICAI.

7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI ICDR Regulations in connection with the Offer.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying Statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying Statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue Authorities / Courts will concur with our views expressed herein. Our views are based on the existing provisions of law 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**.**

Opinion

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available, to the Company and its shareholders, in accordance with the Income Tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

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

Restriction on Use

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the DRHP, prepared in connection with the Offer to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Huned Contractor
Partner
Membership No.: 041456

UDIN: 22041456AAAAAB2242

Place: Mumbai
Date: 06 January 2022

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – THE INCOME-TAX ACT, 1961 ("the Act")

Outlined below are the Possible Special Direct Tax benefits available to Sanathan Textiles Limited (the "Company") and its Shareholders under the Act as amended by the Finance Act, 2021 presently in force in India, applicable for the period 1 April 2021 to 30 September 2021.

I. Special direct tax benefits available to the Company

As per section 115BAA of the Act, the Company has an option to pay income tax in respect of its total income at a concessional tax rate of 25.168% (including applicable surcharge and cess) subject to satisfaction of certain conditions with effect from Financial Year 2020-21 (i.e. Assessment Year 2021-22). Such option once exercised shall apply to subsequent assessment years.

In such a case, the Company will not be allowed to claim any of the following deductions/exemptions under the Act:

1) Deduction under the provisions of section 10AA of the Act (deduction for units in Special Economic Zone)

2) Deduction under clause (iia) of sub-section (1) of section 32 of the Act (Additional depreciation)

3) Deduction under section 32AD of the Act or section 33AB of the Act or section 33ABA of the Act (Investment allowance in backward areas, Investment deposit account, site restoration fund)

4) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or subsection (2AB) of section 35 of the Act (Expenditure on scientific research)

5) Deduction under section 35AD of the Act or section 35CCC of the Act (Deduction for specified business, agricultural extension project)

6) Deduction under section 35CCD of the Act (Expenditure on skill development)

7) Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA of the Act or Section 80M of the Act

8) Deduction under Section 80LA of the Act other than deduction applicable to a Unit in the International Financial Services Centre, as referred to in sub-section (1A) of section 80LA of the Act.

9) 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 from clause (1) to (8) above

10) No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A of the Act, if such loss or depreciation is attributable to any of the deductions referred from clause (1) to (8) above.

Further, it was clarified by CBDT vide Circular No. 29/ 2019 dated 2 October 2019 that if the Company opts for concessional income tax rate under section 115BAA of the Act, the provisions of section 115JB of the Act regarding Minimum Alternate Tax (MAT) are not applicable. Additionally, such Company will not be entitled to claim tax credit relating to MAT.

In this regard, from Assessment Year 2021-22 relevant to Financial Year 2020-21 onwards the Company has decided to opt for the provisions of Section 115BAA of the Act and would be eligible for a reduced tax rate of 22% (effective rate of 25.168% along with Surcharge and Health and Education Cess) subject to fulfilment of above conditions.

Further, as per the provisions of Section 80M of the Act, dividend received by the Company from any other domestic company or a foreign company shall be eligible for deduction while computing its total income for the relevant year. The amount of such deduction would be restricted to the amount of dividend distributed by the Company to its shareholders on or before one month prior to due date of filing of its Income-tax return for the relevant year. Since the Company has investments in India, it may avail the above-mentioned benefit under Section 80M of the Act.

Subject to fulfilment of prescribed conditions, the Company is 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.

II. Special direct tax benefits available to the Shareholders of the Company

Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholder, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above). Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend.

As per Section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity-oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 01 October 2018. It is worthwhile to note, that tax shall be levied where such capital gains exceed INR 1,00,000/-.

Except for the above, the Shareholders of the Company are not entitled to any other special direct tax benefits under the Act.

Notes:

1) These special direct tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2) The special direct tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

3) The Statement has been prepared on the basis that the shares of the Company are to be listed on a recognized stock exchange in India and the Company will be issuing equity shares.

4) The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

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

5) This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

6) In respect of non-resident shareholders, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

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

For and on behalf of **Sanathan Textiles Limited**

Pareshkumar V. Dattani
(Chairman and Managing Director)

Place: Mumbai
Date: 06 January 2022

Statement of Tax Benefits

To
The Board of Directors
Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
SRV No. 187/4/1/2, Near Surangi Bridge
Surangi, Dadra and Nagar Haveli
Dadra and Nagar Haveli – 396230

Proposed initial public offering of equity shares of face value of Rs. 10 each ('Offer') by Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) (the 'Issuer' or 'Company')

1. This report is issued in accordance with the terms of our engagement letter dated 11 December 2021.

2. The accompanying Statement of Possible Special Tax Benefits available to the Company and its shareholders (hereinafter referred to as the **'Statement'**) under the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) (hereinafter referred to as the **'Indirect Tax Regulations'**) has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

Management's Responsibility

3. The preparation of this Statement as of the date of our report which is to be included in the Draft Red Herring Prospectus (**'DRHP'**) is the responsibility of the management of the Company and has been approved by the IPO Committee of the Board of Directors of the Company at its meeting held on 06 January 2022 for the purpose set out in paragraph 10 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

Auditor's Responsibilities

4. Our work has been carried out in accordance with Standards on Auditing, the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India (the **'ICAI'**). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

5. Pursuant to the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended (the **'SEBI ICDR Regulations'**) and the Companies Act, 2013 (the **'Act'**), it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the possible special tax benefits available to the Company and the shareholders of the Company, in accordance with the Indirect Tax Regulations as at the date of our report.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements issued by the ICAI.

7. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI ICDR Regulations in connection with the Offer.

Inherent Limitations

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

   Several of the benefits mentioned in the accompanying Statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying Statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue Authorities / Courts will concur with our views expressed herein. Our views are based on the existing provisions of law 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**.**

Opinion

9. In our opinion, the Statement prepared by the Company presents, in all material respects, the possible special tax benefits available, to the Company and its shareholders, in accordance with the Indirect Tax Regulations as at the date of our report.

   Considering the matter referred to in paragraph 8 above, we are unable to express any opinion or provide any assurance as to whether:

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

Restriction on Use

10. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the DRHP, prepared in connection with the Offer to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Huned Contractor
Partner
Membership No.: 041456

UDIN: 22041456AAAAAA8720

Place: Mumbai
Date: 06 January 2022

ANNEXURE A

Statement of Tax Benefits

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO SANATHAN TEXTILES LIMITED (FORMERLY KNOWN AS SANATHAN TEXTILES PRIVATE LIMITED) ("THE COMPANY") AND ITS SHAREHOLDERS

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017 ("GST law"), the Customs Act, 1962, Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2015-2020 ("FTP") (collectively referred as "Indirect Tax") read with Rules, Circulars, and Notifications

I. Special tax benefits available to the Company

a. <u>Advance authorization</u>

Advance Authorisation is a scheme under FTP that allows duty free import of inputs, which are physically incorporated in an export product. In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed / utilized in the process of production of export product, is also allowed to be imported duty free

The quantity of inputs allowed for a given product is based on specific norms defined for that export product. The Directorate General of Foreign Trade (DGFT) provides a sector - wise list of Standard Input - Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad - hoc norms in cases where the SION does not suit the exporter.

The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping duty, Safeguard Duty and Transition Product - Specific Safeguard duty, Integrated tax, and Compensation Cess, wherever applicable, subject to certain conditions.

Advance Authorisation covers manufacturer exporters or merchant exporters tied to supporting manufacturer(s)

b. <u>Export Promotion Capital Goods (EPCG) Scheme</u>

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty.

Capital goods imported under. The benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorization. EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers

II. Special tax benefits available to the Shareholders

a. There are no special tax benefits available to shareholders for investing in the shares of the Company

Notes:

1. The above Statement of Indirect Tax benefits sets out the special tax benefits available to the Company and its shareholders under the Indirect Tax laws mentioned above
2. The above Statement covers only above-mentioned tax laws benefits and does not cover any Income Tax law benefits or benefits under any other law.
3. This Statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its

interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes

For and on behalf of **Sanathan Textiles Limited**

PareshKumar V. Dattani
(Chairman and Managing Director)

Place: Mumbai
Date: 06 January 2022

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

*Unless otherwise indicated, the information in this section is obtained or extracted from industry research report on "Assessment of textile industry with special focus on yarn manufacturing market in India" dated December 28, 2021 prepared and released by CRISIL Research ("**CRISIL Report**"), a division of CRISIL Limited. We commissioned and paid for the CRISIL Report for the purposes of confirming our understanding of the industry specifically for the purpose of the Offer, as no report is publicly available which provides a comprehensive industry analysis, particularly for our Company's services, that may be similar to the CRISIL Report. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year, refers to such information for the relevant year. For the disclaimers associated with the CRISIL Report, see "Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation – Disclaimer by CRISIL" on page 27. All references to years in this section are to calendar years.*

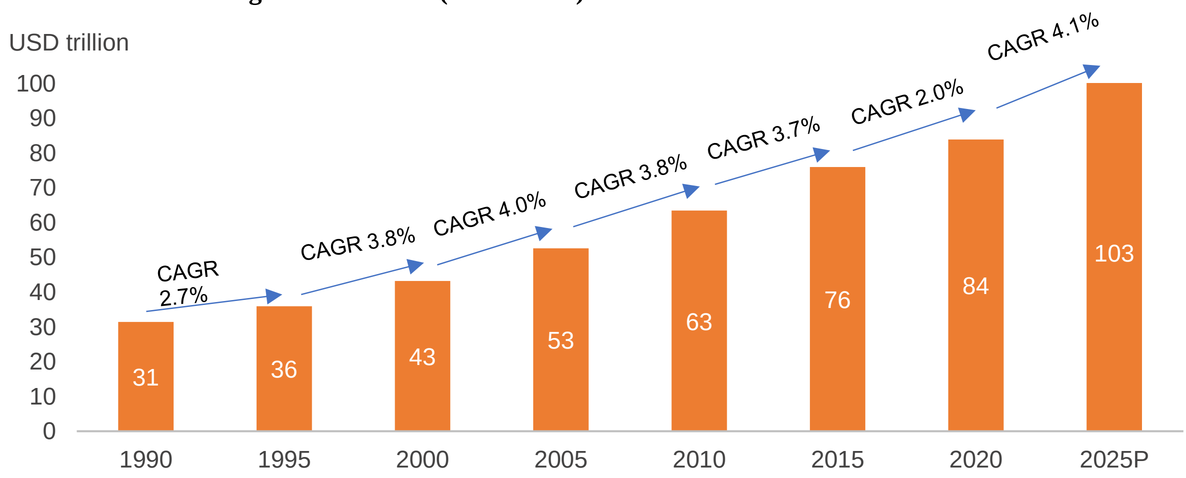
<u>Global Macroeconomic scenario assessment</u>

Global GDP review and outlook

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

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

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



P: Projection

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

<u>Macroeconomic overview of India</u>

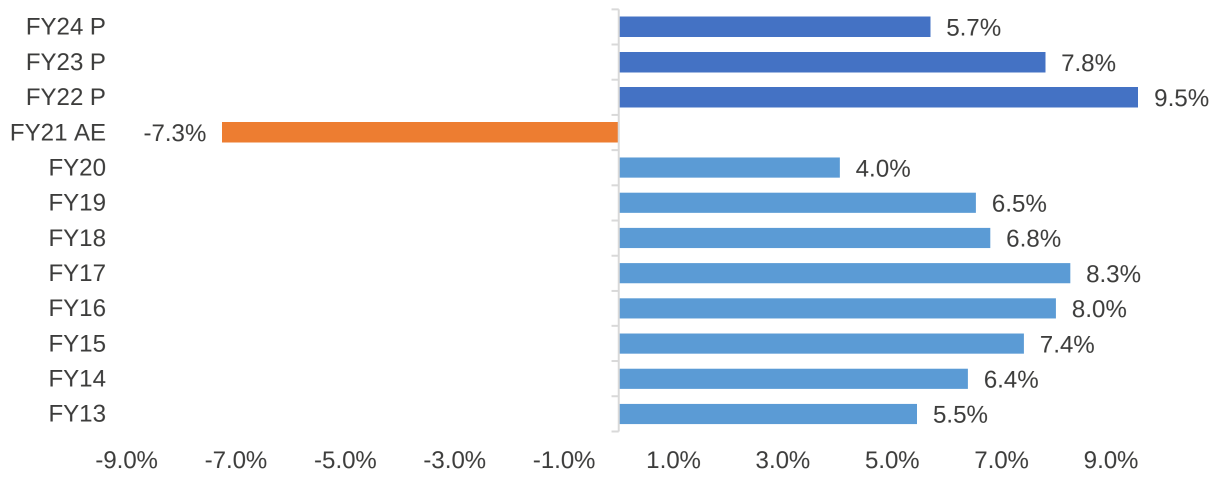
A review of India's GDP growth

GDP grew at 6.6% CAGR from fiscals 2012-20

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

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

Real GDP growth (% on-year)



AE: Advance estimates; P: Projected by CRISIL Research; GDP calls updated as of June 2021;
Source: Provisional estimates of national income 2020-21, CSO, MoSPI, CRISIL Research

Clothing & footwear expenditure logged ~11% CAGR between fiscals 2012 and 2020

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

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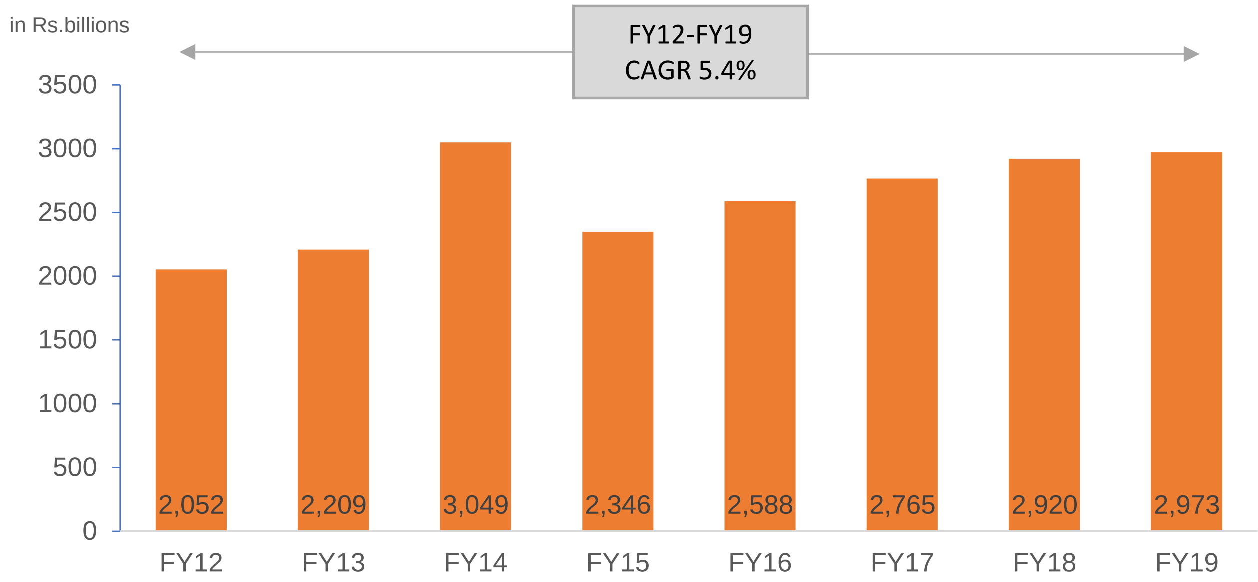
Textile, apparel and leather industry contributed around 13% to total manufacturing GVA in India

The textile, apparel and leather industry in India contributed ~2 per cent in the overall GDP and 13 per cent of total manufacturing GVA at current prices in fiscal 2020. The sector is also the second-largest employment generator in the country, next only to agriculture. It provided total direct and indirect employment to about 10.5 crore people in fiscal 2020.

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

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

Investments in Textile and wearing Apparel industries



Source: Ministry of Statistics and Programme implementation, CRISIL Research

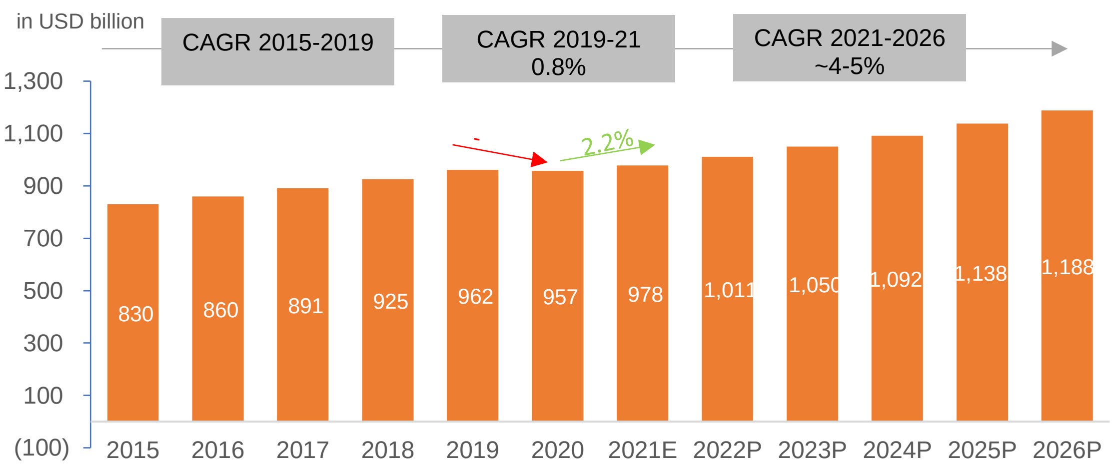
<u>**Assessment of global and Indian textiles industry**</u>

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

An overview of global textile industry

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

Global Textile market size



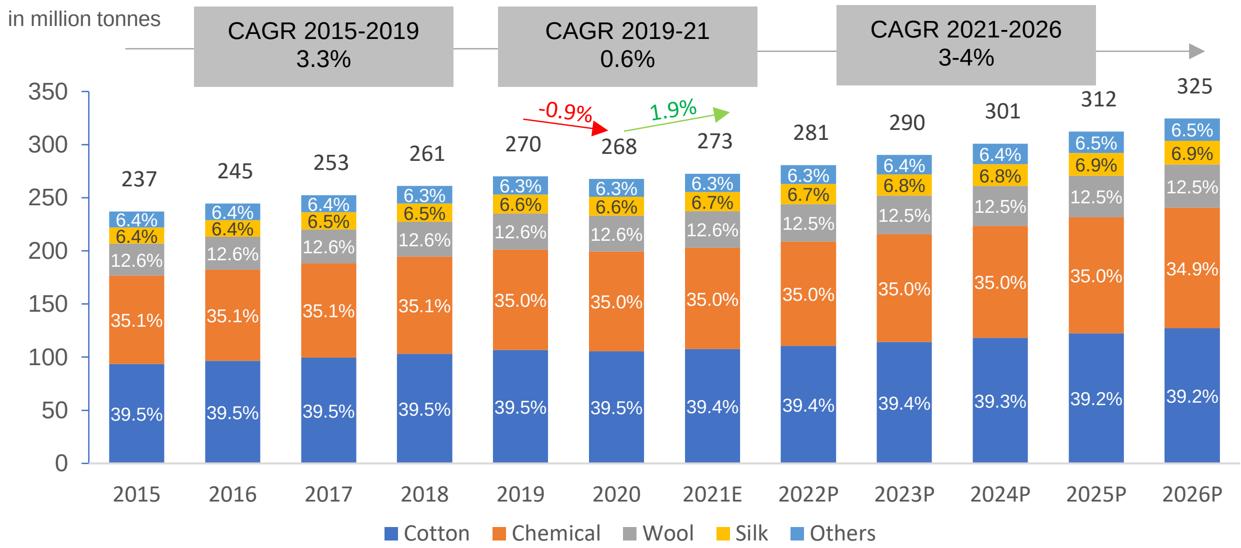
Source: Grandview Research, CRISIL Research

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

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

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

Global textile sales by volume



Source: Grandview Research, CRISIL Research

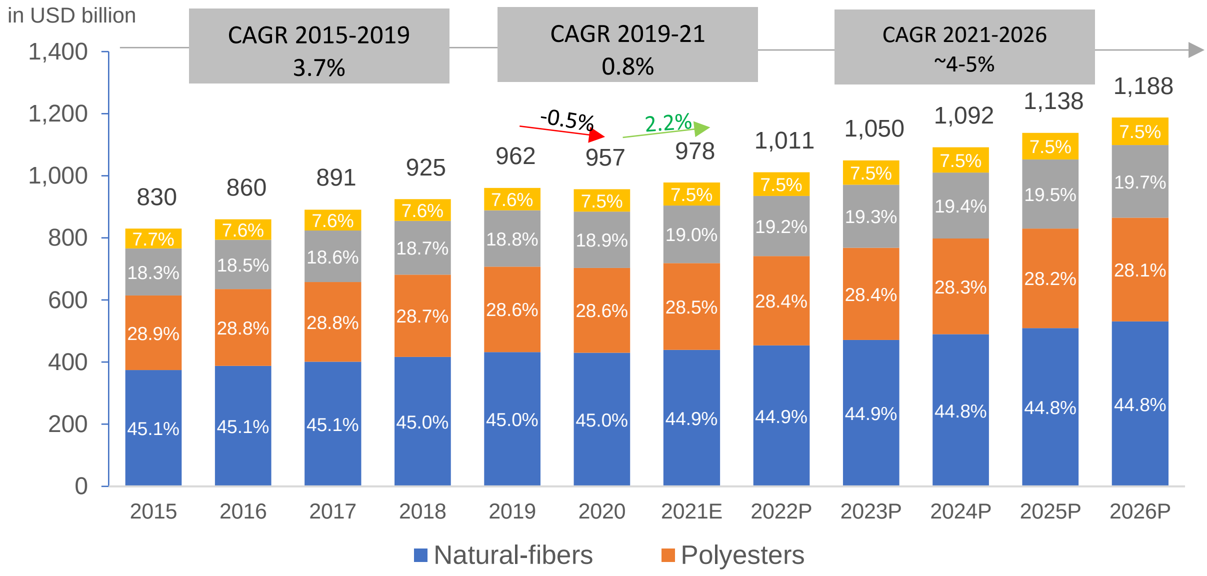
The total textile sales by volume grew at a CAGR of 3.3% between 2015 and 2019. On the other hand, the total sales by value grew at a slightly higher CAGR of 3.7% during the same period. This indicates that the average selling prices of textiles increased between 2015 and 2019.

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

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

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

Fibre-wise segmentation of the Global textile market



Source: Grandview Research, CRISIL Research

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

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

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

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

Overview of Indian textile industry

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

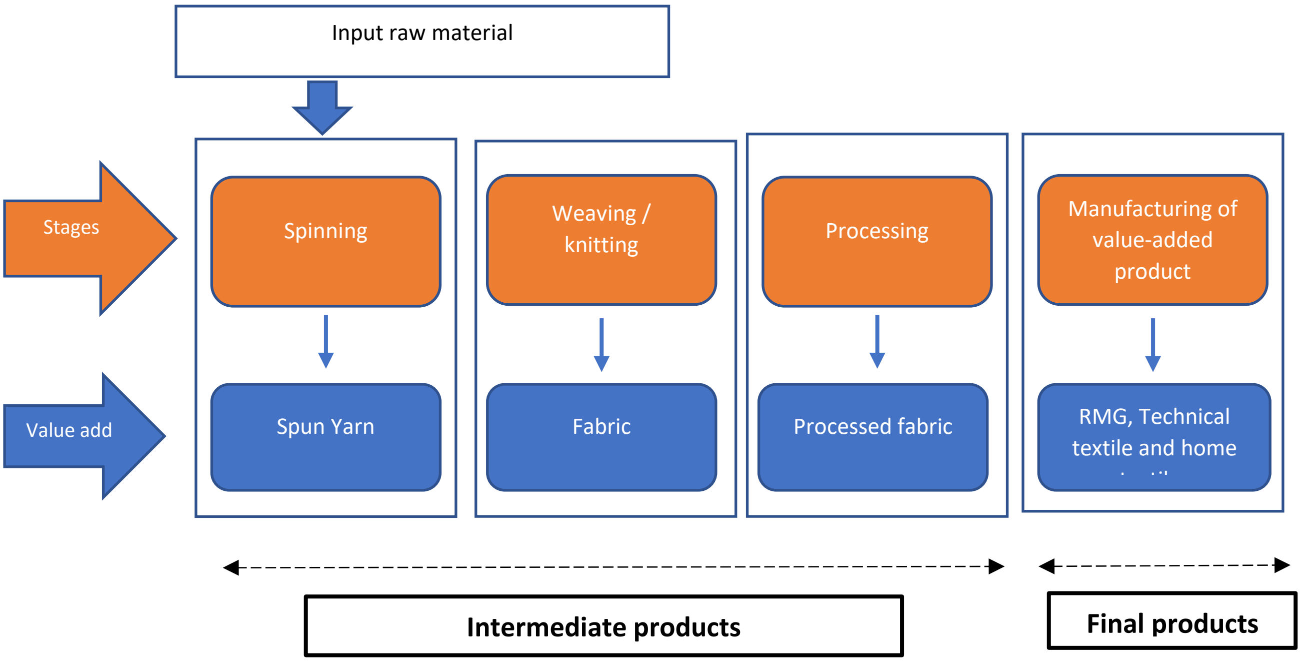
The key strength in Indian textile and apparel segment lies in large raw material base and manufacturing units present across the value chain. The industry caters to an employment of over 45 million individuals and 100 million individuals indirectly which includes employment for women and rural population.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

India has a strong textile value chain

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

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

Indian textile value chain



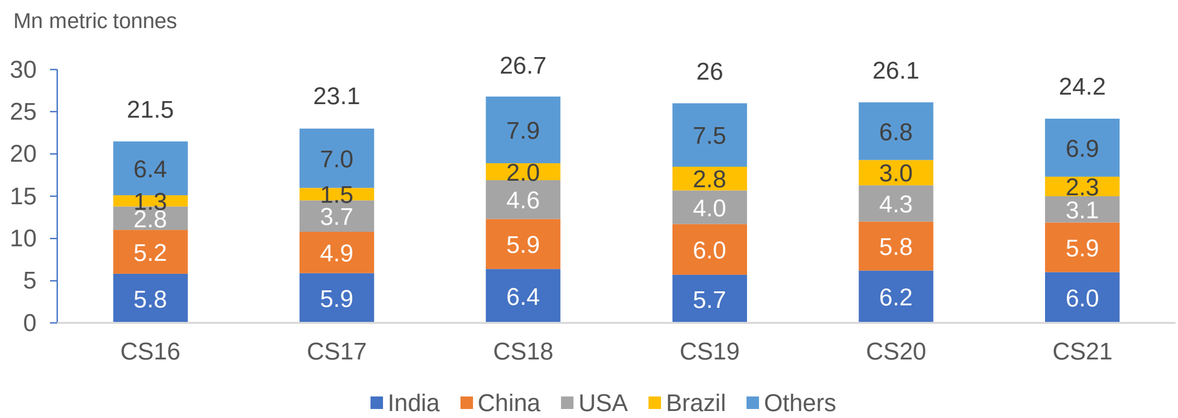
Note: In the below sections CRISIL Research has analysed the textile end use industry covering RMG, Technical textiles and home-made textiles. It has also analysed spinning industry for MMF yarn and cotton yarn, also accessed the cotton fabric industry

Source: CRISIL Research

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

India has the highest acreage for cotton compared with the other major cotton-producing nations with 13.4 million hectares in cotton season (CS; international cotton season August-July) 2020-21. In CS 2015-16, India significantly surpassed China to become the largest producer of cotton and remained the largest producer for CS 2020-21 as well. India's cotton production is lower than China in CS 2018-19 due to severe crop losses.

Cotton production across the globe



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

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

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

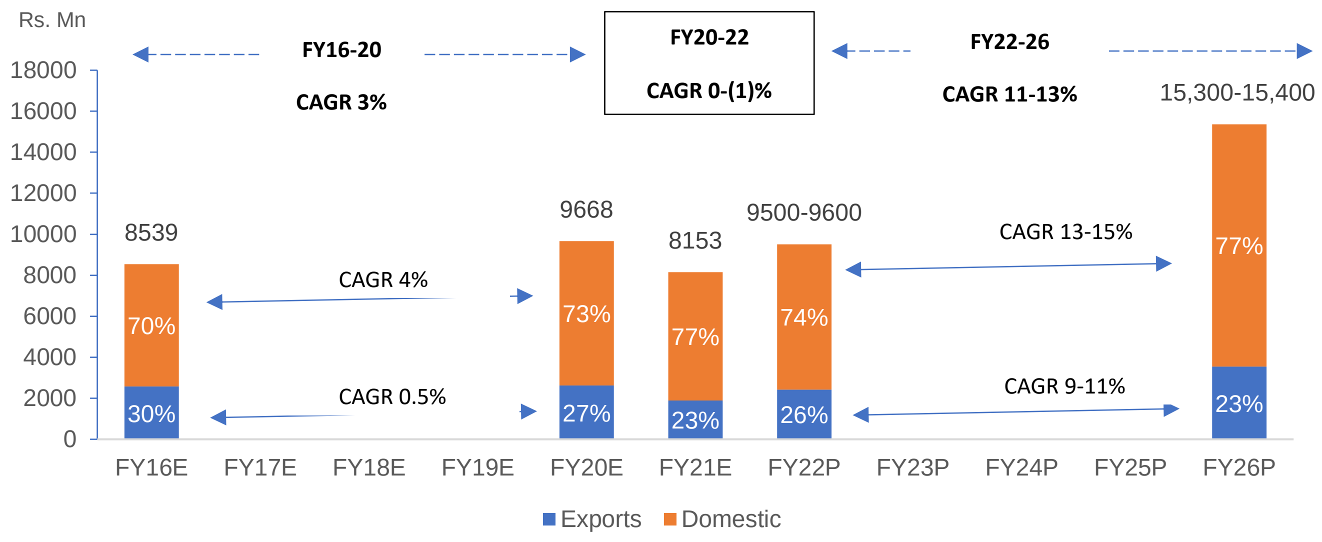
Indian textile market projected to grow at 7-9% CAGR between fiscal 2020 and 2026

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

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

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

Trend and outlook of Indian textile and apparel market



Note: Domestic Indian textile consists of Ready-Made garments, Technical textiles, and Home-made textiles

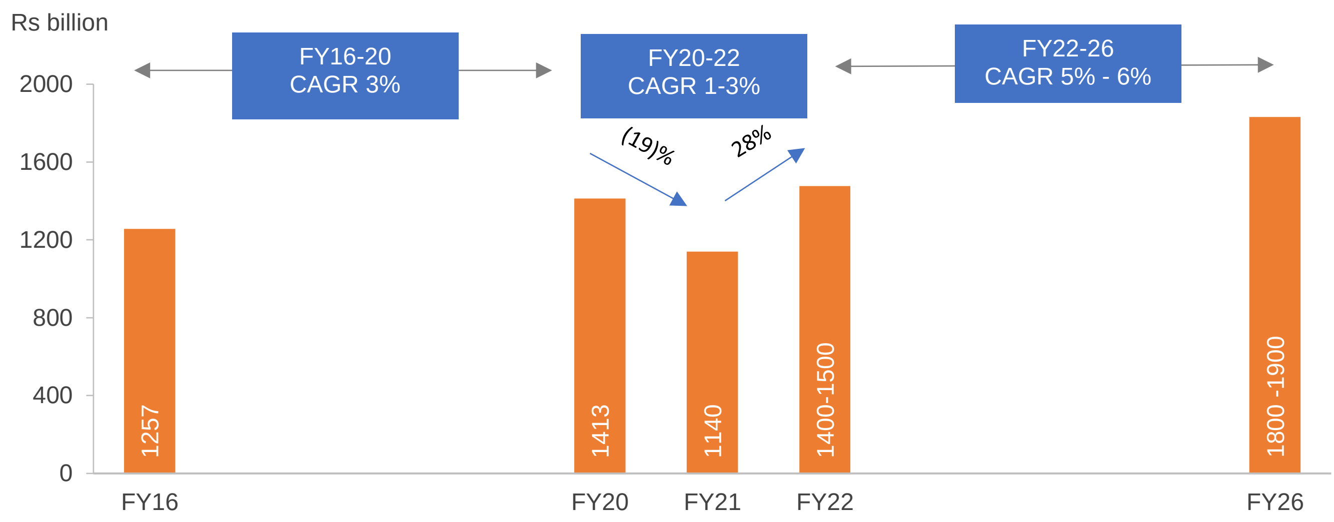
Source: Ministry of textiles, DGCI&S, CRISIL Research

Overview of Indian textile yarn industry

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

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

Overall Indian textile yarn market



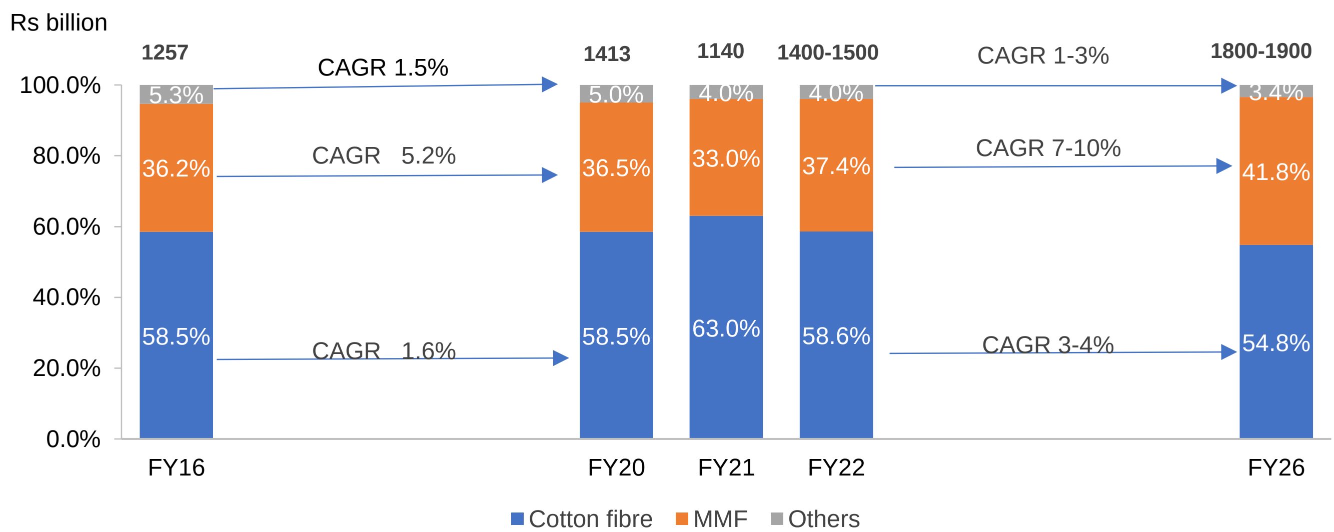
Source: Ministry of Textiles, CRISIL Research

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

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

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

Fibre-wise breakup of Indian textile yarn market



Source: Ministry of Textiles, CRISIL Research

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

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

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

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

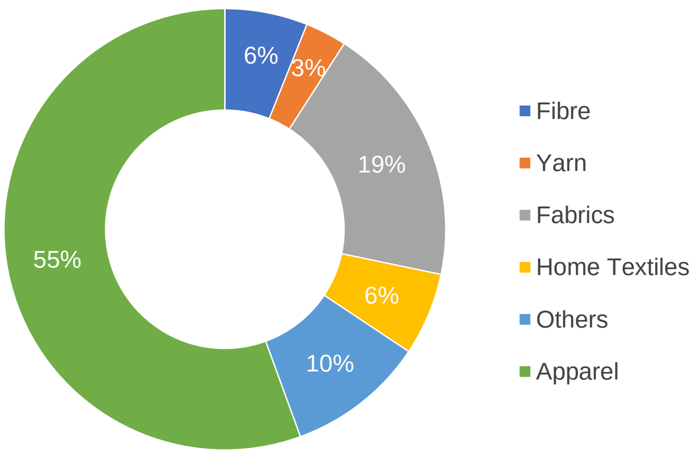
Overview of global and Indian textile trade

Apparels accounted for 55% of global textile trade in 2020

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

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

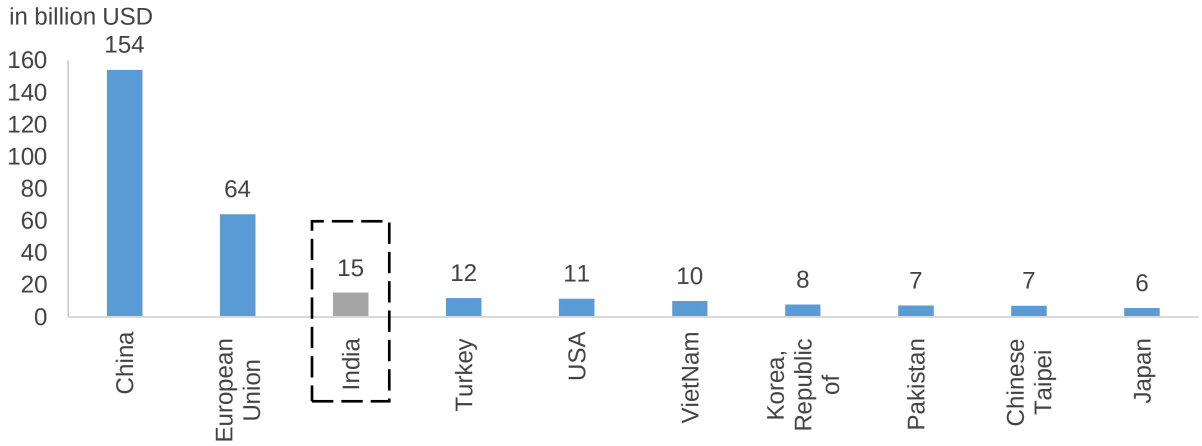
Global textile trade by product segment in 2020



Source: Company documents, CRISIL Research

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

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

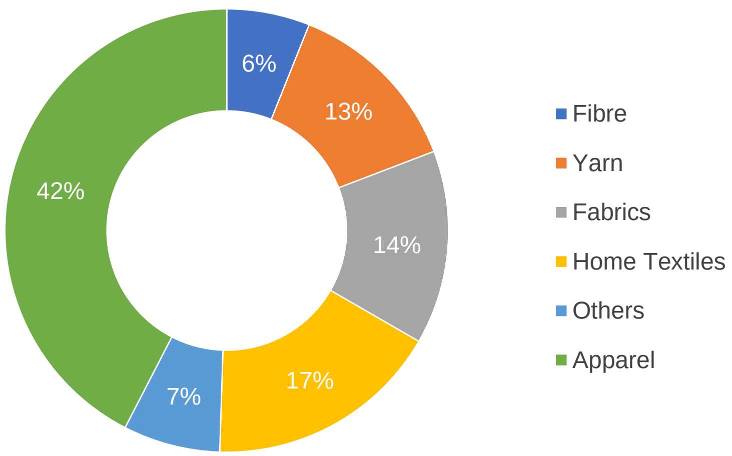


Source: WTO, CRISIL Research

Apparel had the highest share in Indian textile exports in 2020

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

Indian textile exports' share in 2020



Source: Company documents, CRISIL Research

EU and US are major export destinations for Indian apparel exports

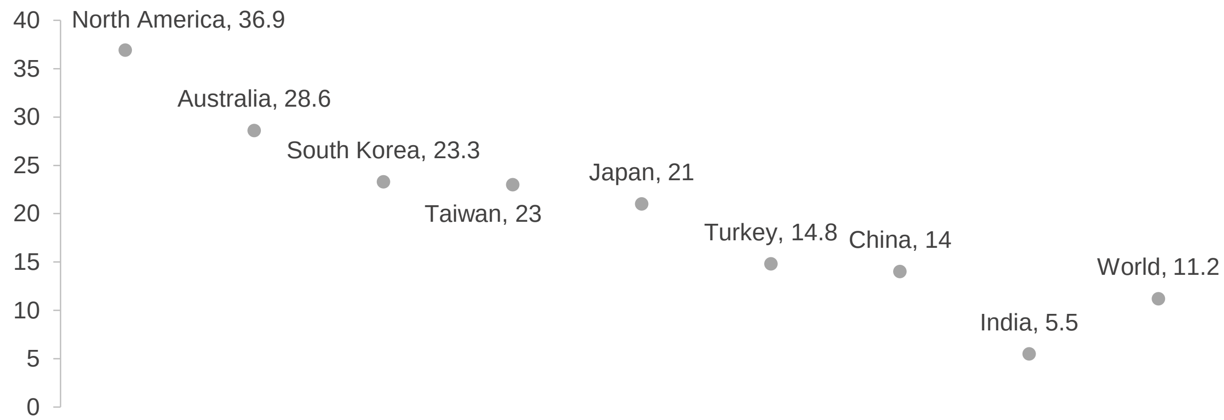
Major textile and apparel export destinations for India are European Union-28 and the US. Both these regions have a ~50% share in total apparel exports from India. Exports to the US have increased significantly over the past five years, accounting for ~28% of the total apparel exports from India in fiscal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

Growth drivers for Indian textiles industry

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

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

Region-wise per-capita consumption of all fibres (kg/capita)



Source: Ministry of Textiles, CRISIL Research

Indian textiles industry has competitive advantage compared with other nations

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

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

Cross-country analysis of various costs involved in textiles manufacturing

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

		India advantage		India disadvantage

Note: The above-mentioned values are in proportionate scale with India=100

Source: Data as of 2020, Invest India, CRISIL Research

Increase in urban population in Indian sub-continent by 2030

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

Shift in demand towards MMF and technical textiles to drive demand

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

Rise in discretionary spending in fiscals 2012-2020

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

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

Source: MoSPI, CRISIL Research

Increasing trend in online retail

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

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

China + 1 strategy to aid India in long term

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

An overview of government policies and regulatory framework in the industry

Foreign Trade Policy for 2015-20

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

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

Some of the policy highlights are as follows:

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

Remission of Duties or Taxes on Export Product (RoDTEP)

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

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

	FY2019	FY2020	FY2021	FY2022
Duty drawback	~2%	~2%	~2%	~2%
MEIS	4%	4%	4%	4% till Sep 2021 only
RoSL	2%	--	--	--
RoSCTL / RoDTEP	-- /--	4%/--	4%/4%	4%/4%
Total	**~8%**	**~10%**	**~10%**	**~6-10%**

Source: CRISIL Research

The National Textile Policy

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

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

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

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

Technology Upgradation Fund Scheme

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

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

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

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

Source: CRISIL Research

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

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

Scheme for Integrated Textile Parks

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide state-of-the-art infrastructure facilities for setting up textile units. This scheme provides textile units infrastructure, including power, water, roads, and drainage system, and assistance to meet environmental norms. It is expected to attract considerable investments to set up huge integrated textile facilities. This is a positive step towards making India a hub for textile products. As per union budget 2021-22, the government has allocated Rs 800 million (budgeted estimate) under SITP.

Customs duty

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

Duty	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Natural fibres								
Cotton	0	0	0	0	0	0	0	0
Fibre intermediates								
PTA, MEG	5	5	5	5	5	5	5	5
Para xylene	0	0	0	0	0	0	0	0
Fibre/Filament								
Polyester staple fibre	10	10	10	10	10	10	10	10
Viscose staple fibre	10	10	10	10	10	10	10	10
Yarn								
Cotton yarn	10	10	10	10	10	10	10	10
Partially oriented yarn	10	10	10	10	10	10	10	10
Viscose filament yarn	10	10	10	10	10	10	10	10
Fabrics	*10	*10	*10	*10	*10	*10	*10	*10
Garments and home textiles	*10	*10	*10	*10	*10	*10	*10	*10

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

Source: Industry, CRISIL Research

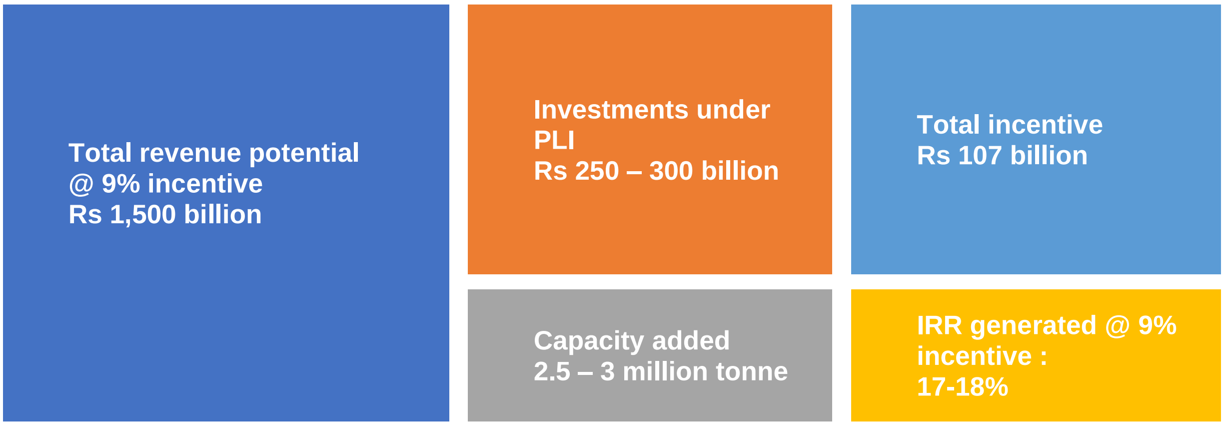
Key government measures in the textile sector

Performance-linked incentive (PLI) scheme

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

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

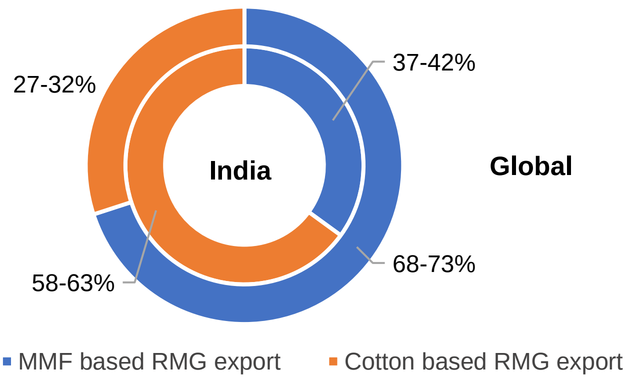
PLI scheme - an opportunity for revenue generation of Rs 1,500 billion in MMF-based textiles



Source: CRISIL Research

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

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



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

Share of MMF based RMG trade (%)

Exporter	2015	2019	Import duty in EU

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

Source: ITC Trade Map, CRISIL Research

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

Mega investment textile parks scheme (MITRA)

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

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

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

Liberalisation of FDI in textile sector

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

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

National technical textiles mission

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

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

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

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

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

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

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

Free Trade Agreements (FTAs)

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

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

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

An overview of industrial and technical textile industry in India

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

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

Agrotech

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

Meditech

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

Mobiltech

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

Packtech

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

Sportech

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

Buildtech

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

Clothtech

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

Hometech

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

Protech

Protech is an ensemble of textile products and related material used in the manufacture of various protective clothing for personnel working in hazardous environment. The protective clothing includes garments and related paraphernalia for protection from harmful chemical environment, extreme temperature environments, low visibility, ballistic protection, etc. Defence is one of the largest consumers of protective textiles. The usage of protective textiles in defence includes bullet proof jackets, NBC suits, high altitude clothing, fire retardant apparel etc.

Geotech

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

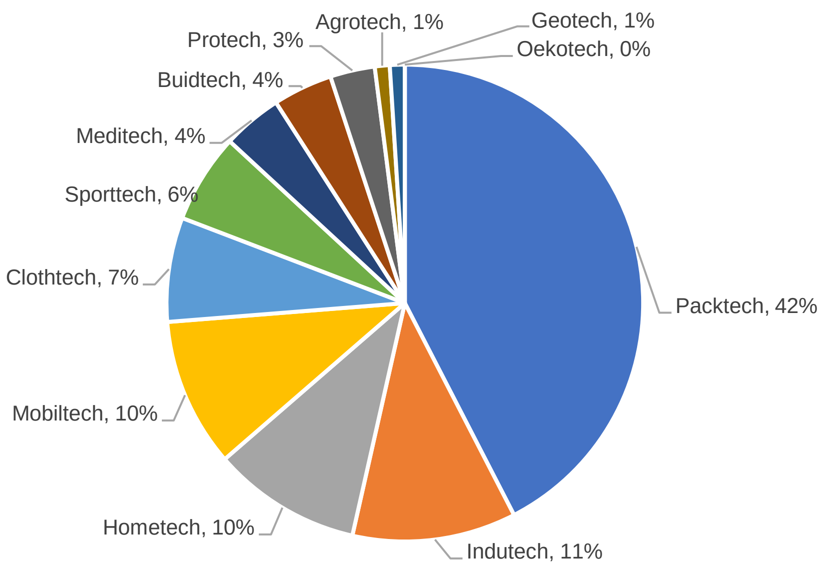
Oekotech

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

Indutech

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

Share of 12 segments in total technical textile industry, FY18P



Source: Baseline survey, CRISIL Research

Key Raw material required for technical textile industry is mostly fibre

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

Natural fibres

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

Jute is a key raw material for making of sacking used in Packtech and Geotech. India has taken advantage of recent improvements in the cultivation of jute and has surpassed Bangladesh to become the largest producer of jute in the world. West Bengal, Odisha, Assam, Meghalaya, Tripura and Andhra Pradesh are the leading jute producers. Silk is used to manufacture some varieties of blinds (Hometech), sutures (Meditech) and sewing threads (Clothtech), though the consumption is limited to high end products. India is the second largest producer of silk after China. The major silk producing centres of India are Karnataka, Tamil Nadu, Andhra Pradesh, West Bengal and Assam. However, the production of silk is not sufficient to cater to the national demand and India is an importer silk from China. Coir, the coconut fibre finds application in mattresses, ropes, cordages and floor coverings. India is world's largest producer of coir fibre accounting for over half of world coir production. The coir industry in India is concentrated in coconut growing states – Kerala and Tamil Nadu, which together account for 90% of Indian coir production.

Man-made fibres

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

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

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

Source: CRISIL Research

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

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

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

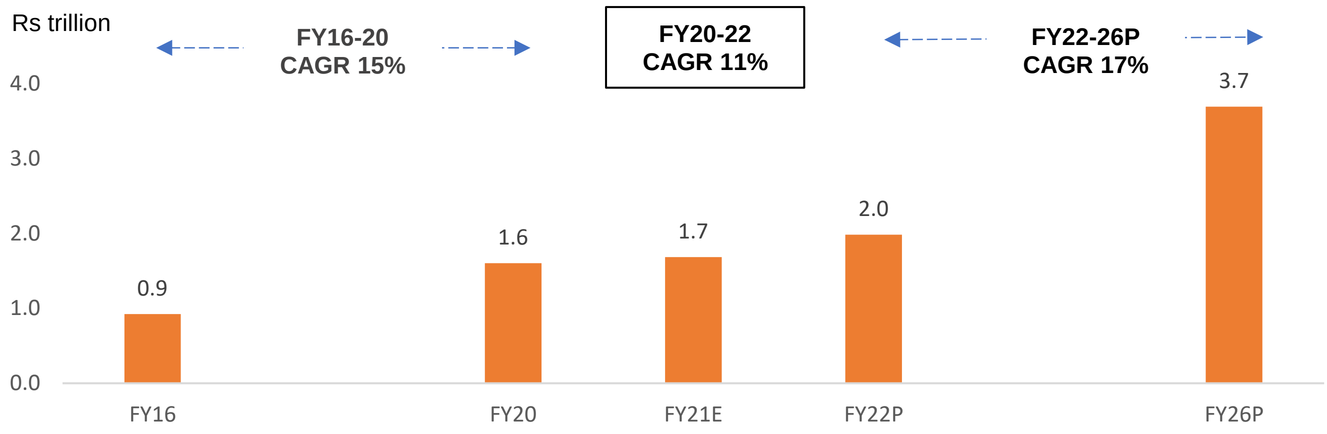
Speciality fibres

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

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

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

Indian technical textile market size



Source: CRISIL Research

Global growth drivers

Growth of medical textiles due to COVID-19

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

Industrial growth in emerging markets

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

Increasing adaptability and awareness of the products

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

Other factors driving global demand

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

Domestic growth drivers

Availability of raw materials

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

Availability of young and affordable manpower

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

Investment promotion schemes by Government

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

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

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

Government's FDI promotion initiatives

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

Regulation and standardization across various sectors

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

Increase in consumer awareness about environmental issues

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

Growth of end-use industries

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

Exporter	EU	US	Canada	China	Key FTAs
	10%	16%	18%	5%	ASEAN, South Korea

Exporter	EU	US	Canada	China	Key FTAs
	0%	16%	0%	0%	ASEAN, the EU, Canada, China
	0%	16%	0%	0%	The EU, the UK, Japan, RCEP, Canada, China

Source: ITC Trade Map, CRISIL Research

Assessment of yarn manufacturing industry in India

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

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

Polyester yarn industry in India

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

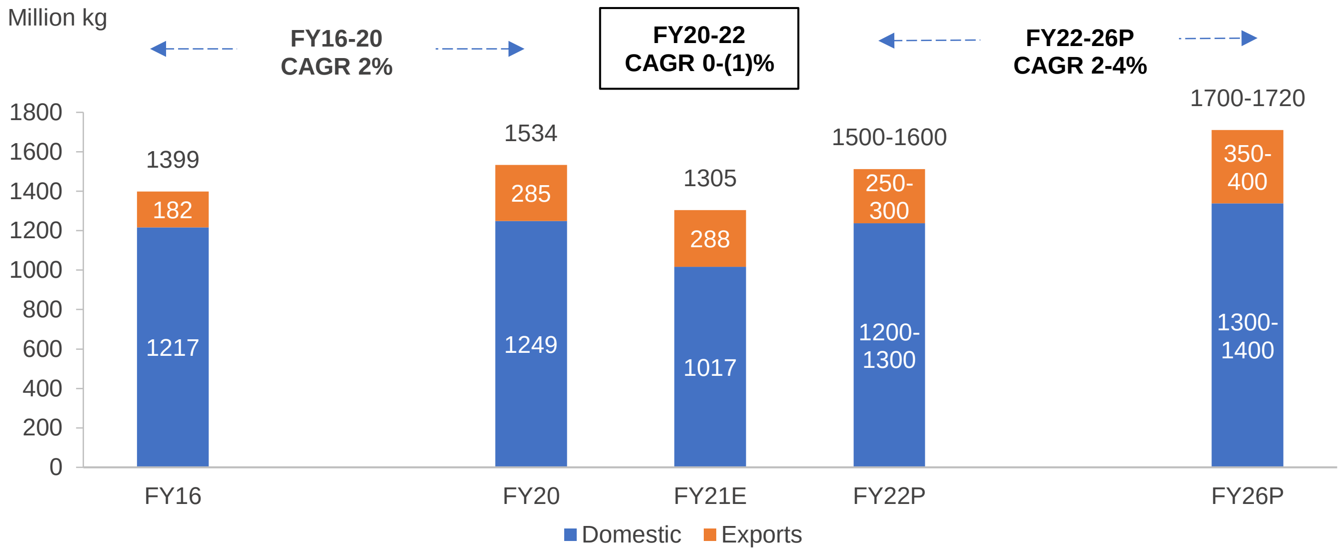
In the domestic market, polyester is mainly consumed in the form of partially oriented yarn (POY), which accounted for 70-75% (in volume terms) of domestic polyester consumption in fiscal 2021. Polyester yarn is primarily used to produce blended fabrics and 100% non-cotton fabrics, which are, in turn, used in readymade garments, home textiles and other industrial textiles.

PSF demand to register moderate growth over fiscals 2022-2026

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

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

Long-term demand outlook (domestic + exports)



P: projected

Source: CRISIL Research

PSF demand in value terms

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

Source: CRISIL Research

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

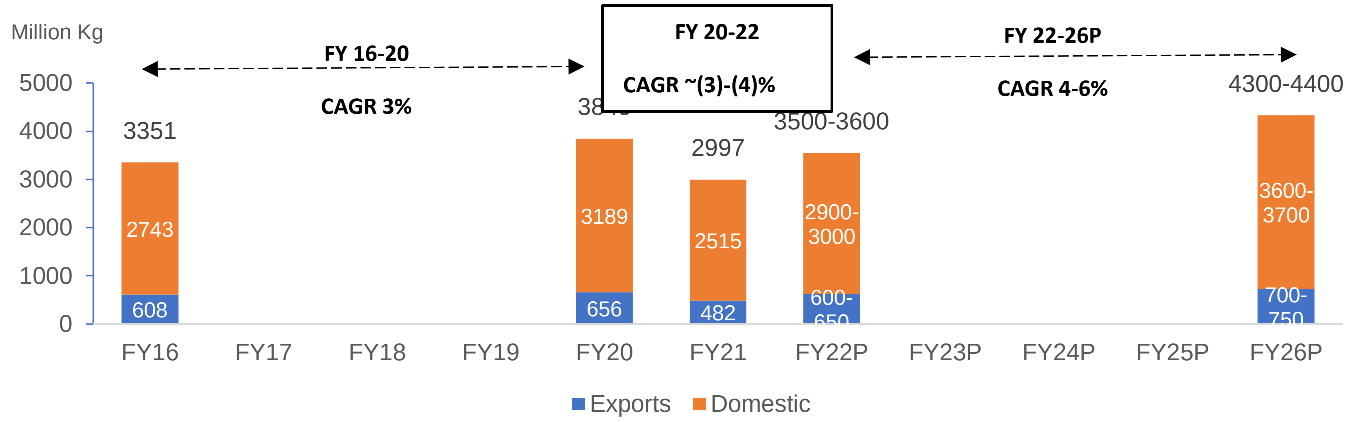
Over fiscals 2016-2021, overall polyester filament yarn demand (PFY) decreased 2%. During fiscal 2021, overall PFY demand decreased ~22%. The demand declined amid the Covid-19-induced weakness in the global economy as well as domestic demand. The overall PFY demand, which is estimated at 3,549 ktpa in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

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

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

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

Trend in PFY demand (domestic and export)



P: Projected
Source: CRISIL Research

PFY/POY demand in value terms

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

Source: CRISIL Research

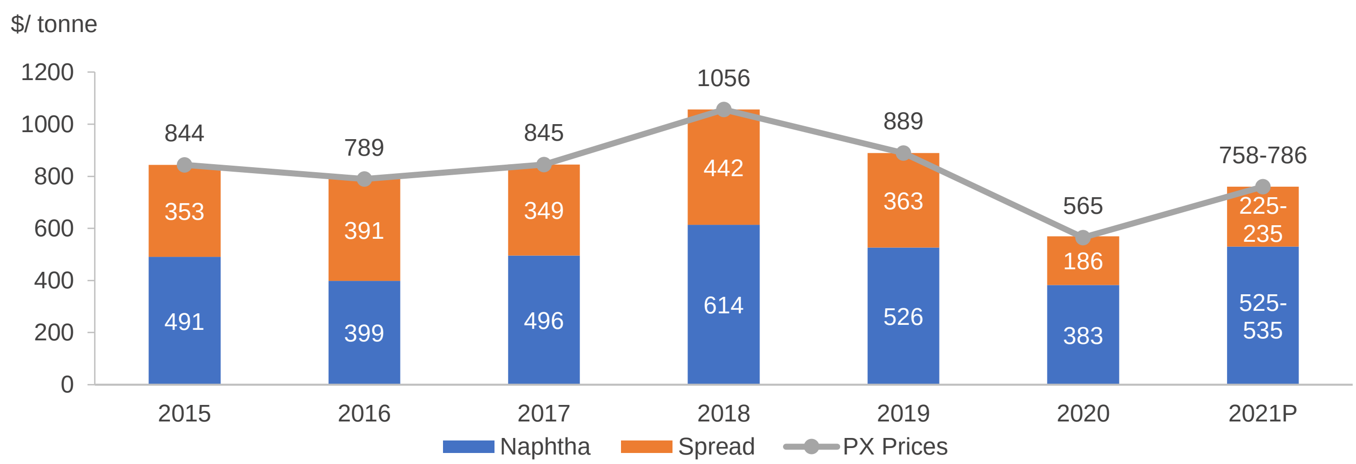
Raw materials prices saw a downtrend in fiscal 2020, led by a decline in feedstock cost

Paraxylene (PX)

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

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

PX price, spread, and raw material cost trend



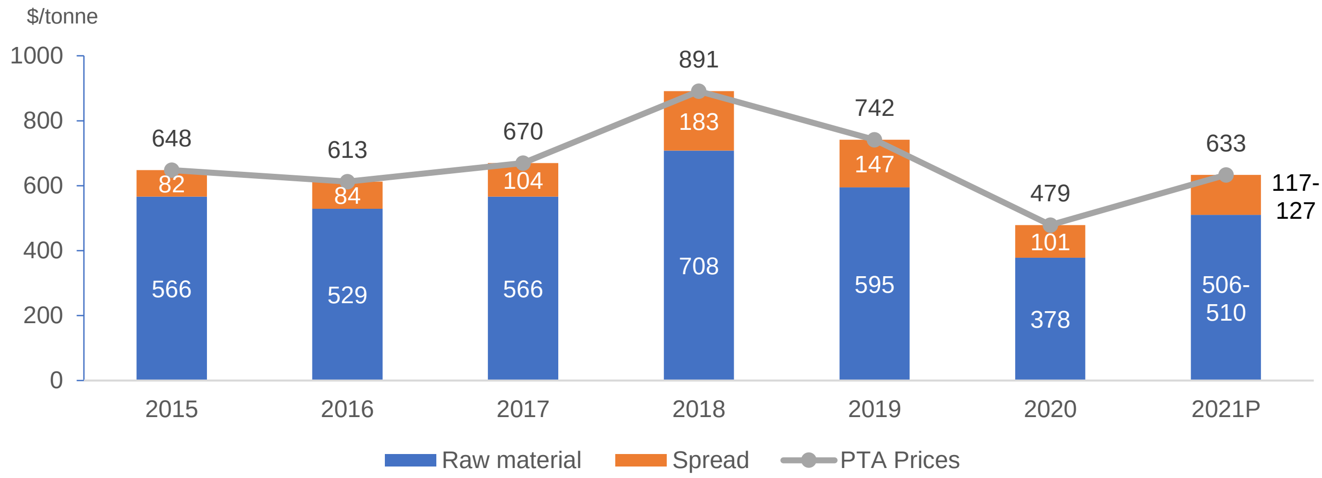
P: projected
Source: CRISIL Research, Industry

Purified Terepthalic Acid (PTA)

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

Purified terephthalic acid (PTA) prices are expected to increase ~31-32% on-year to $630-640 per tonne in 2021, primarily due to an increase in feedstock PX prices. During 2021, demand is expected is to increase at ~5-7% on-year on account of increase in demand from downstream polyester segment and by the PET segment as China's ban on recycled plastics is likely to result in increased demand for virgin PET. In 2020, PTA prices declined ~36% on-year to $479 per tonne, following the drop in feedstock PX prices.

PX price, spread, and raw material cost trend



P: projected, Source: CRISIL Research, Industry

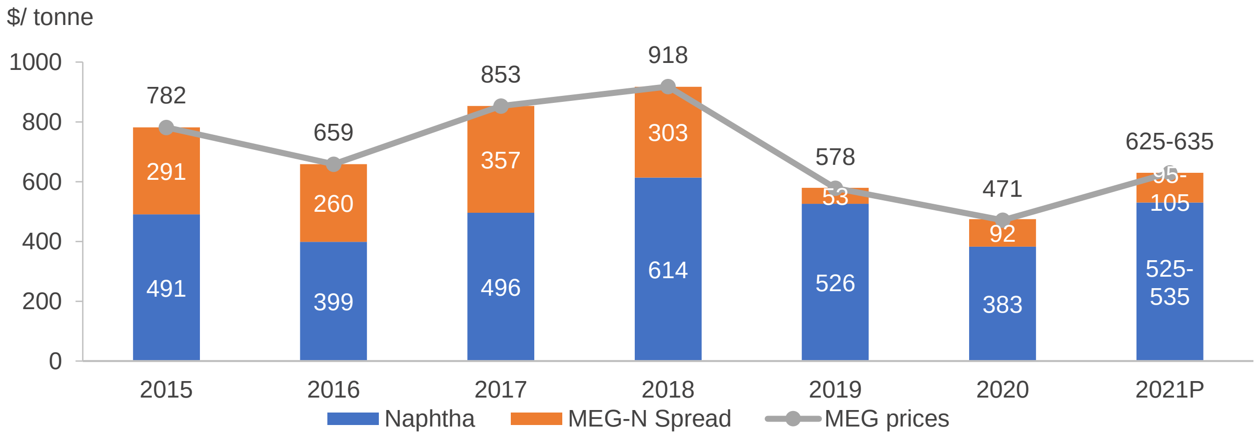
Mono Ethylene Glycol (MEG)

MEG prices to increase in 2021

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

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

MEG price, spread, and raw material cost trend



P: projected

Source: CRISIL Research, Industry

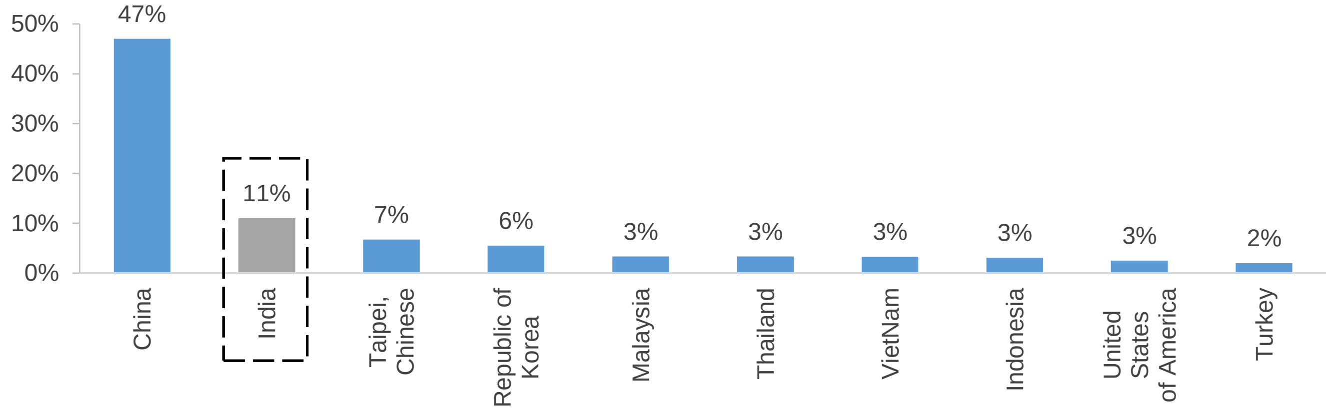
An overview of global and Indian polyester yarn trade

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

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

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

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

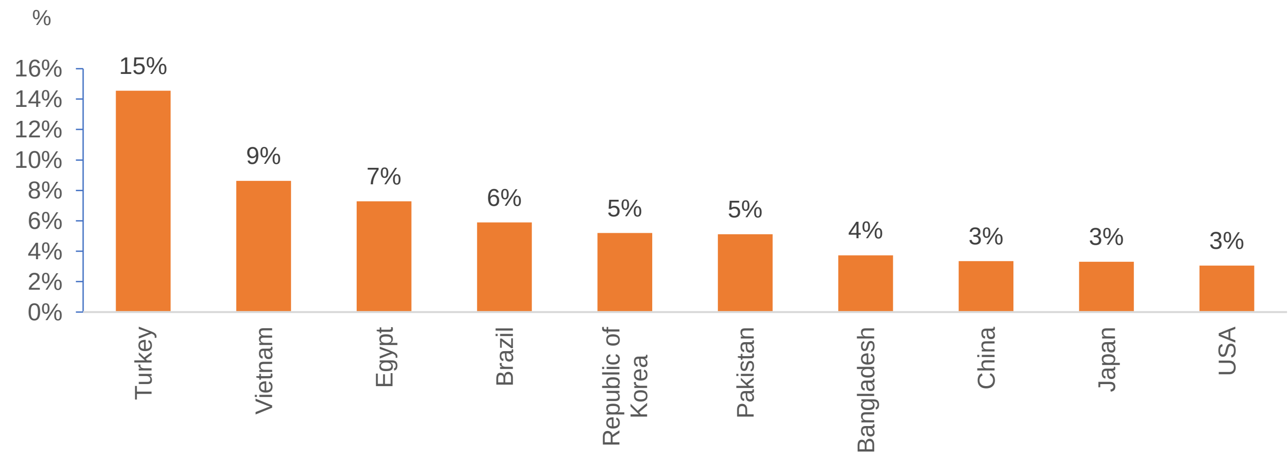


Note: HS Codes 540233, 540246, 540247, 540252 have been considered

Source: ITC trademap, CRISIL Research

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

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



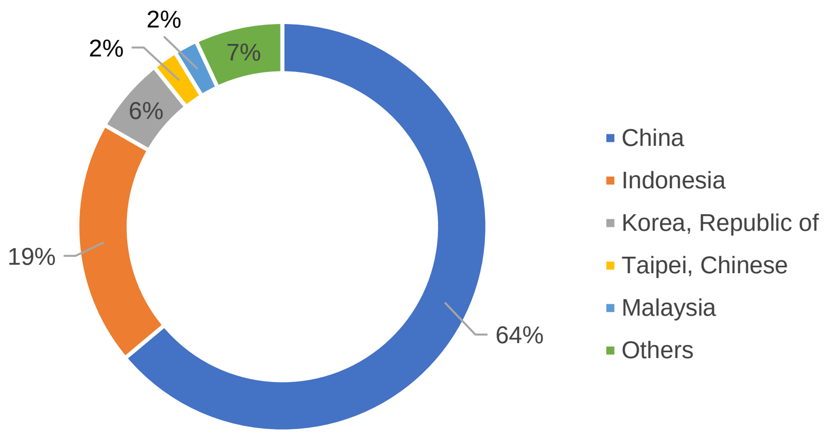
Note: HS Codes 540233, 540246, 540247, 540252 have been considered

Source: ITC trademap, CRISIL Research

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

China occupies the major share among the various countries for PFY/ POY yarn imports to India. In 2020, China occupied a lion's share of 64%, which is followed by Indonesia (19%), Republic of Korea (6%), and Taipei (2%). However, it is important to note that India's imports of PFY/POY yarn is proportionately less, compared with exports in value terms. As per the ITC trademap data, for 2020, exports constitute about $103.4 million, whereas exports are about $580.6 million.

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



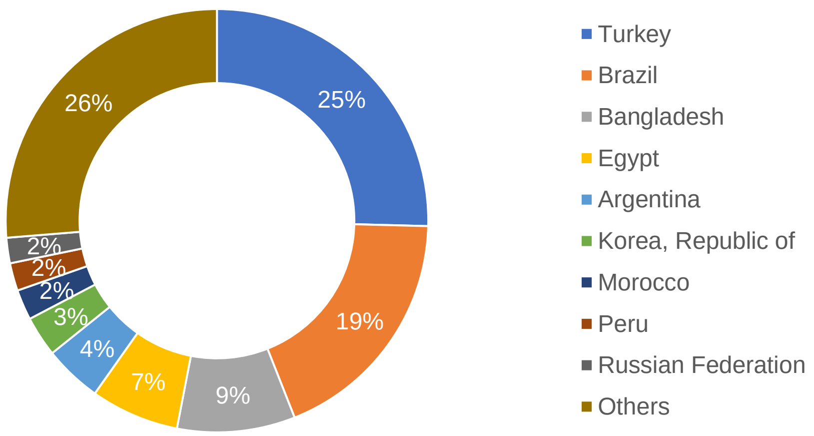
Note: HS Codes 540233, 540246, 540247, 540252 have been considered

Source: ITC trademap, CRISIL Research

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

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

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



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

Source: ITC trademap, CRISIL Research

Cotton yarn industry in India

Cotton yarn industry relatively organized due to high capital intensity

The Indian cotton yarn industry is relatively organized, unlike the fabric industry. This is because setting up a yarn spinning mill needs huge investments (Rs 30,000-35,000 per spindle) to meet technological requirements. This limits the entry of players in the industry.
As on February 17, 2021, the domestic yarn industry comprised of 3,369 spinning mills, with a total installed capacity of 52.5 million spindles.

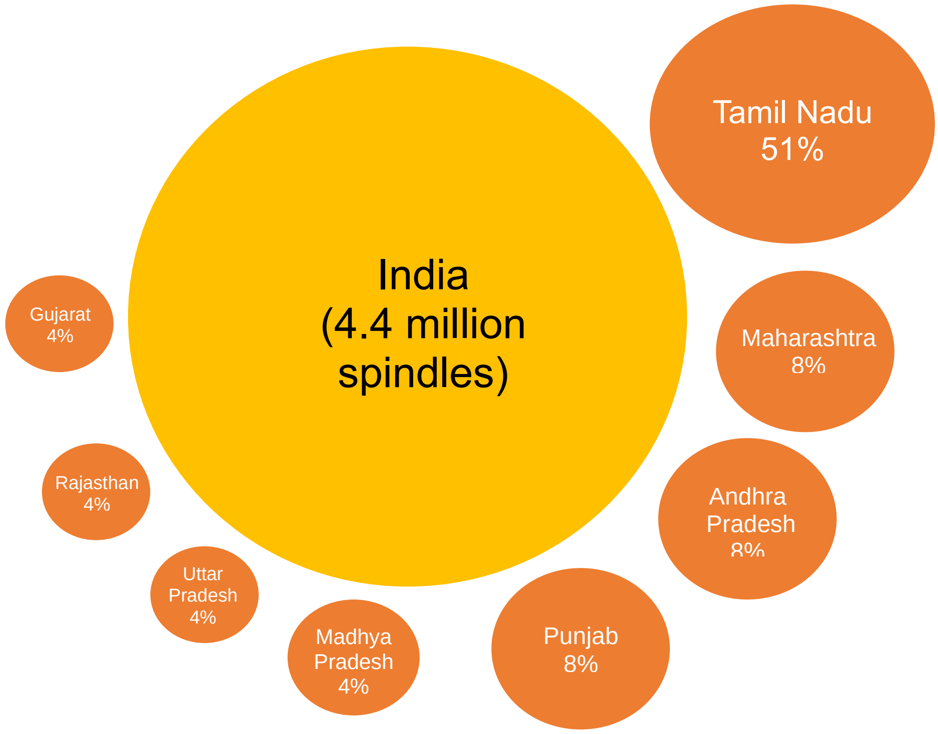
Small mill size and high level of fragmentation

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

Tamil Nadu contributes to major share in Indian yarn industry

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

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



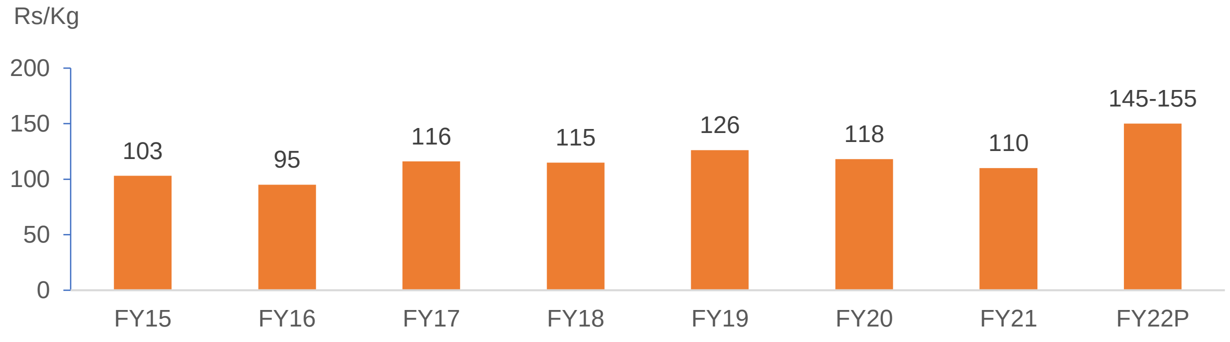
Note: Composite spindles are not considered

Cotton prices cost see an increase in financial year 2021

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

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

Cotton prices in the domestic market



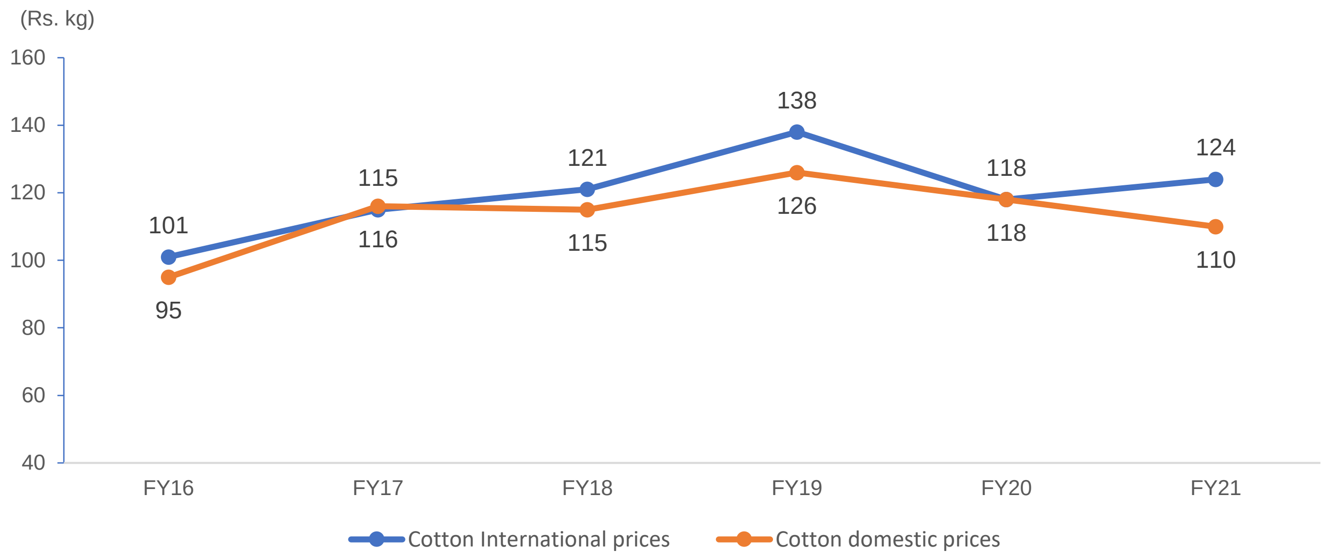
Note: The values mentioned are average for each of the financial years considered

Source: CRISIL Research

India has pricing advantage when compared to global average cotton prices

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

Comparison of cotton prices (International vs Domestic)



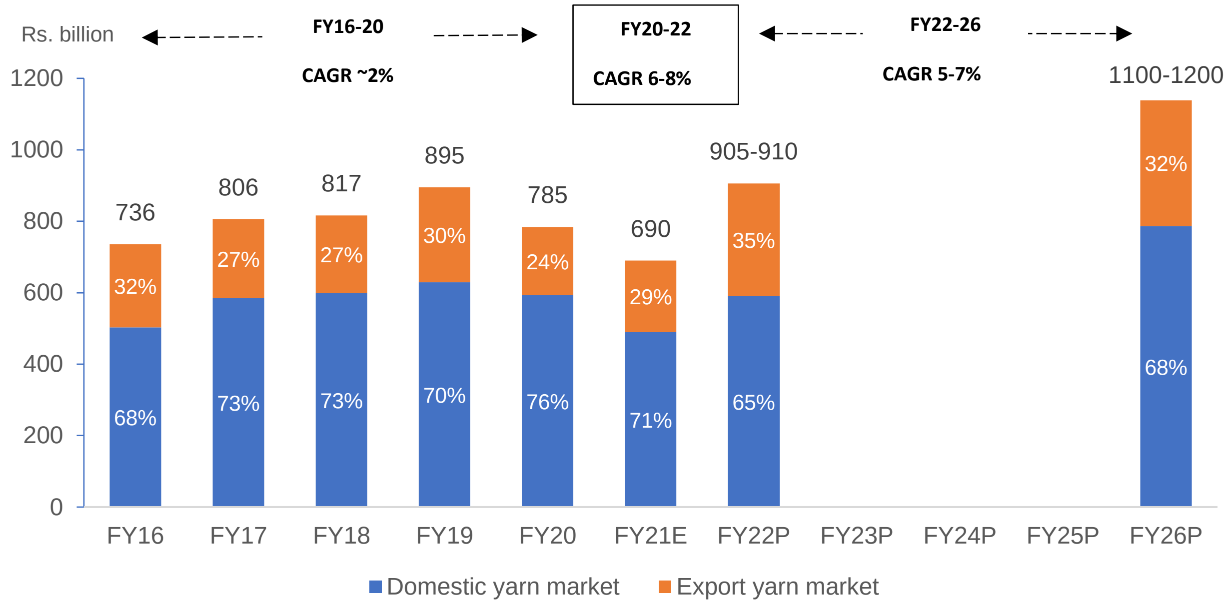
Note: The values mentioned are average for each of the financial year considered

Source: CRISIL Research

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

The size of the cotton yarn industry is expected to increase to Rs 905-910 billion in fiscal 2022 from Rs 690 billion in the fiscal 2021. The growth of 29-34% this fiscal can be attributed to economic recovery, downstream demand revival along with low base in fiscal 2021 and phenomenal growth in cotton yarn exports in the first quarter of this fiscal on the back of global recovery. The impact of the second wave of the pandemic on the cotton yarn sector was less severe compared with the first wave in fiscal 2021. Downstream demand from domestic RMG is expected to be hit severely by the pandemic. That said, the US' ban on Xinjiang (China)-based cotton and derived products led to increase in export demand for cotton fabric, RMG and home textiles. The impact of the US' ban is expected to have a positive impact on the Indian cotton yarn sector in the short term. The UK is also mulling whether to impose a similar ban on China, which will further support global demand for Indian cotton yarn. The second half of the year is forecast to witness growth in demand with the arrival of the festive season, thereby giving a boost to downstream demand. Overall, growth in the first half of the fiscal is estimated to be higher on-year due to low base in the previous year; the second half is expected to witness a revival in volume growth in the domestic market as well. The industry is expected to lose its growth momentum with normalisation of demand over the period and is forecast to log growth of 5-7% CAGR reaching Rs 1100-1200 billion by fiscal 2026 on a higher base of fiscal 2022.

Market size and share of cotton yarn demand

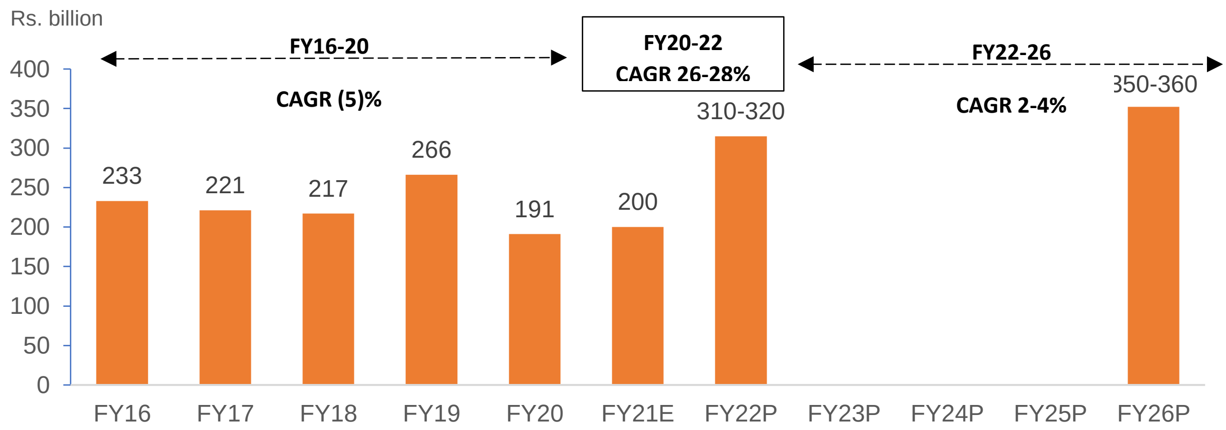


Source: Directorate General of Foreign Trade, CRISIL Research

Exports will continue to remain strong amid changing global dynamics

Export demand for cotton yarn increased by ~5% in fiscal 2021 due to increase in demand from China, Vietnam, and Bangladesh despite fall in global trade owing to the pandemic-led recessionary conditions. Exports are expected to increase by further 50-55% in fiscal 2022 with increase in global demand amid recovery in the global economy and with revival in downstream segments RMG demand from the EU and the US and home textile demand with increased focus on health and hygiene. Demand will further be supported by the US' ban on cotton and derived products from China and the ongoing energy crisis in China. The ban on China helped India increase its share in global trade in 2020. In fiscal 2022, cotton yarn demand from Bangladesh, Vietnam and China witnessed significant growth of ~238%, ~76% and ~68% during April to July. The increase in demand from Bangladesh, Vietnam and China was driven by the US' ban on cotton from China. The impact of the pandemic, along with the energy crisis, will continue to remain a key monitorable. The ongoing constraints in coal supply might have a negative impact on production. This could affect cotton yarn exports as well and will remain a key monitorable.

Cotton yarn exports from India



Source: Directorate General of Foreign Trade, CRISIL Research

Share of cotton yarn export destinations

	Export partner	FY15	FY20	FY21	FY22 (Apr-Sep)
(India)	(China)	39%	22%	25%	21%
	(Bangladesh)	14%	21%	24%	40%
	(Vietnam)	4%	4%	6%	4%
	(Others)	43%	53%	46%	35%

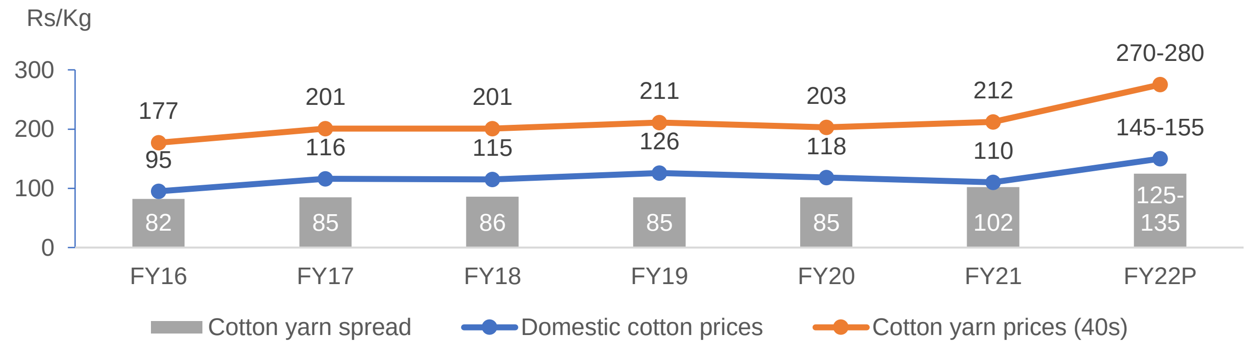
Source: Directorate General of Foreign Trade, CRISIL Research

Higher downstream demand propelled cotton yarn spreads in fiscal 2021

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

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

Cotton yarn spreads



Source: CRISIL Research

Overview of recycled yarn

Textile industry is one of the major consumer good industry in India. With rising discretionary spends and growing trends such as online retail, the textile consumption has been increasing over the years. However, the growth in textile industry also causes an counter effect of environmental pollution caused by the waste generated. To reduce this waste generated, one of the method adopted recycling of textiles in order to reproduce fibers which in turn are utilised to produce recycled yarns

The waste generated are majorly of two types

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

Types of recycling process:

Mechanical recycling

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

Chemical recycling

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

Major advantages

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

Growth drivers and opportunities in Indian yarn manufacturing industry

Supply chain

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

Opportunity in European Union (EU)

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

Government Initiatives for exports

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

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

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

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

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

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

Revival post covid pandemic to aid global yarn manufacturing industry

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

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

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

Challenges in the Indian yarn industry

Raw material price fluctuations

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

Currency risk

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

Reduced government support

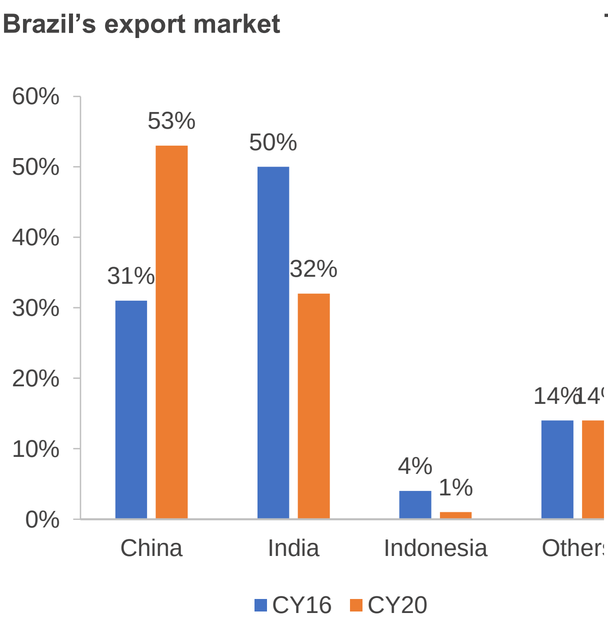
The spinning industry is capital-intensive and requires huge investments. Investments were hindered, as interest rates in India were very high during the 1990s. Hence, the Ministry of Textiles launched the Technology Upgradation Fund Scheme (TUFS) in 1999 to upgrade the technology at textile units. The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

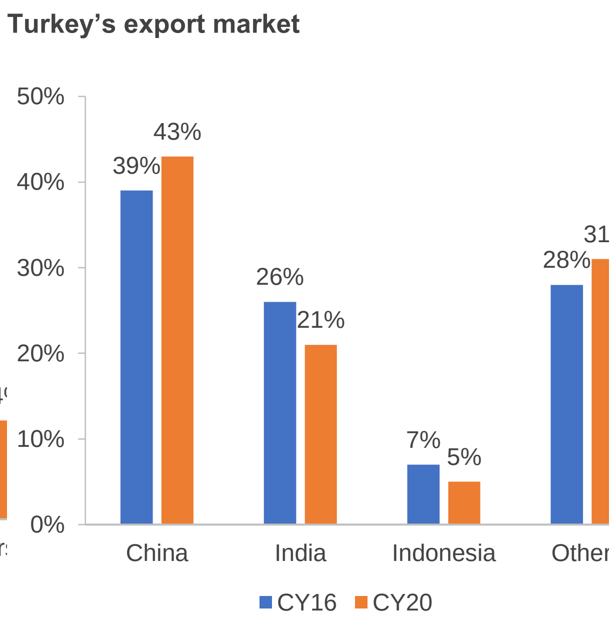
In fiscal 2012, the scheme was renamed as the Restructured Technology Upgradation Fund Scheme (R-TUFS) with a few changes. The refurbished scheme provided reimbursement of 5% on interest charged by the lender, for loans taken to upgrade technology at a textile unit. However, the scheme provided a 4% interest reimbursement for new standalone spinning machinery or for replacement/modernisation. However, R-TUFS was updated and named as the Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) with effect from April 1, 2012. Under the updated scheme, the interest benefit to standalone spinning units was further reduced to 2% in October 2013. On January 13, 2016, a new scheme Amended Technology Upgradation Scheme (ATUFS) was approved by the government to provide a one-time capital subsidy for investments in the employment- and technology-intensive segments of the textile value chain. Under ATUFS, no subsidy is provided for the spinning sector.

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

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

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





Source: UN Comtrade

Import duties

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

An overview of Indian Cotton fabric industry

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

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

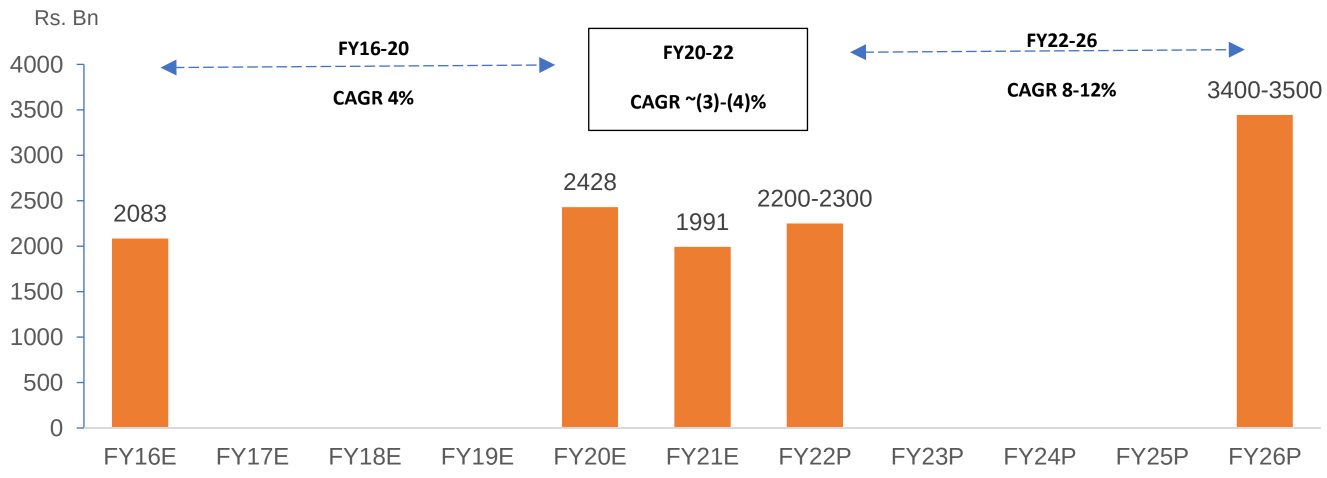
As power looms, handlooms, and hosiery account for most of the fabric production, the industry is still unorganized. Handloom weaving is one of the largest economic activities after agriculture, providing direct and indirect employment to more than 4.3 million weavers and allied workers. Share of power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

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

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

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

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



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

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

Source: Ministry of commerce. CRISIL Research

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

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

Government policies support cotton fabric industry in India

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

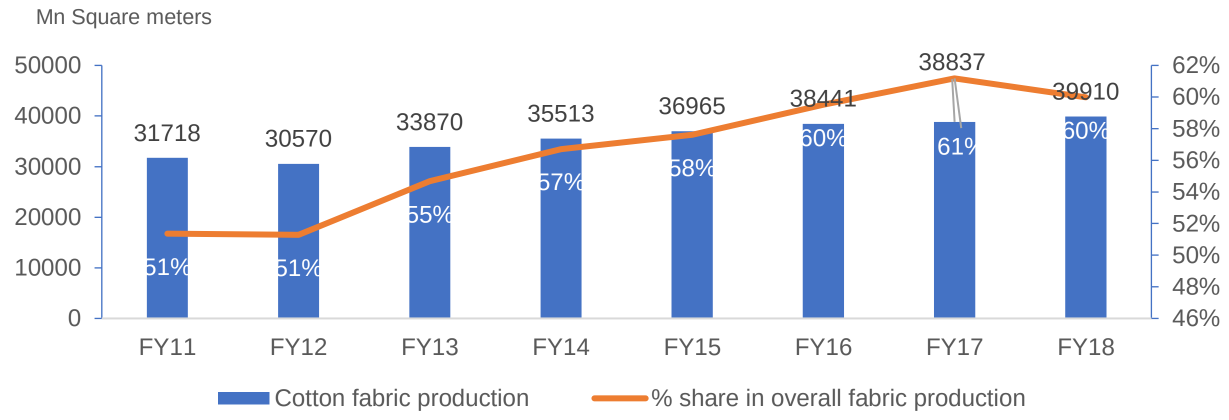
Organised retail to lead growth in global cotton fabric industry

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

Cotton being the preferred fabric over the years

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

Share of cotton fabric in overall fabric production



Source: CRISIL Research

<u>Competitor analysis</u>

Key competitors across various segments

Polyester yarn

Key competitors in polyester yarn segment

Player	Total revenue million (FY21)	Polyester capacity (POY+FDY) TPA	% of domestic revenue	Product portfolio
Bhilosa Industries Pvt Ltd*	86,923.4	949,000	94%	DTY, FDY, ATY, POY, PSF, warp-knitted greige fabric, circular knitted fabric, master batch
Wellknown Polyester Ltd*	42,983.8	280,000	88%	POY, PSF, DTY, FDY, ATY, superstretch yarn, dope-dyed yarn, twisted polyester yarn
Filatex Ltd	22,366.0	325,800	89%	Polyester chips, POY, DTY, FDY, narrow woven fabrics, polypropylene, multifilament crimp yarns
Indo Rama Synthetic (India) Ltd	20,637.1	259,000	79%	PSF, POY, FDY, DTY, polyester chips
Sanathan textiles Pvt Ltd#	19,329.7	200,030	87%	POY, FDY, DTY, ATY, IDY, polyester twisted yarn, cotton yarn, PET chips

Note:

- **: Revenue and % of domestic revenue values for Bhilosa Industries Pvt Ltd and Wellknown Polyester Ltd are for fiscal 2020*
- *#: Polyester capacity values for Sanathan textiles pvt ltd is for all types of polyester yarns present within the company post captive consumption*
- *POY: Partially Oriented Yarn; PSF: Polyester Staple Fibre; DTY: Drawn texture yarn; FDY: Fully Drawn Yarn; ATY: Air Textured Yarn; IDY: Industrial Yarn.*
- *NA: Not Available*
- *TPA: Tonne per annum*

Source: Credit report, Company report, CRISIL Research

Cotton yarn

Key competitors in the cotton yarn industry

Player	Total Revenue million (FY21)	Spindle capacity (million)	% of domestic revenue
Vardhman Textiles Ltd	63,414.3	1.13	54%
K.P.R Mill Ltd	35,689.9	0.37	67%
Nahar Spinning Mills Ltd	21,188.3	0.53	46%
Nitin Spinners	16,263.1	0.30	37%
Ambika Cotton Mills Ltd	6,336.9	0.11	32%
Sanathan Textiles Pvt Ltd	19,329.7	0.13	87%

NA: Not available

Source: Company report, CRISIL Research

Industrial textile

Key competitors present in technical textile industry

Company Name	Revenue (FY21) in Mn	Product portfolio
SRF*	12,401.1	Tyre cord fabrics, Belting fabrics, and Polyester industrial yarn
Garware Technical Fibers	10,345.7	Cordage, Rope, Twine and Netting, Man-made fiber and Others
Sanathan textiles	19,329.7	Industrial yarn

Note:

- **: Revenue from technical textile business of SRF*

Source: Company website, CRISIL Research

Competitive analysis of various players across industry

Operational parameters of the companies under review

Data in this section is obtained from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales, and/or company websites. The financials used in the competitive section are re-classified by CRISIL based on the annual report and financial fillings by the players.

CRISIL Research has considered the following companies as competitors for Sanathan textiles private limited. These lists of companies either operate in same line of business or offer same product portfolio.

Segment-wise offerings by key players under review

	Yarn	Fabrics	Technical textiles	Garments	PET or MEG	Others
Ambika Cotton Mills	✓	✓	✗	✗	✗	NA
Bhilosa Industries	✓	✓	✗	✗	✗	Master batch, polyester staple fiber
Filatex India	✓	✓	✗	✗	✓	Polyester chips, Other specialty products
Garware Technical Fibres	✗	✗	✓	✗	✗	NA
Indo Rama Synthetics	✓	✗	✗	✗	✓	Polyester staple fiber, Polyester

	Yarn	Fabrics	Technical textiles	Garments	PET or MEG	Others
						chips, power
KPR Mill	✓	✓	✗	✓	✗	Sugar
Nahar Spinning Mills	✓	✓	✗	✓	✗	NA
Nitin Spinners	✓	✓	✗	✗	✗	NA
Sanathan Textiles	✓	✗	✓	✗	✓	NA
SRF	✗	✓	✓	✗	✗	Speciality chemicals, packaging films
Vardhman Textiles Limited	✓	✓	✗	✗	✗	NA
Wellknown Polyesters	✓	✗	✗	✗	✗	Polyester chips, Polyester staple fiber

NA: Not applicable

Source: Company filings, Company website, CRISIL Research

Financial parameters of the companies under review

Operating revenue

Operating revenue (Rs mn)	Type	FY17	FY18	FY19	FY20	FY21	CAGR (FY17-21)
Ambika Cotton Mills	Standalone	5,348	6,000	6,814	6,375	6,334	4%
Bhilosa Industries	Standalone	43,551	50,222	75,524	78,126	NA	N.Ap
Filatex India	Consolidated / Standalone	15,502	19,745	28,747	27,832	22,286	9%
Garware Technical Fibres	Consolidated	8,459	8,855	10,178	9,531	10,346	5%
Indo Rama Synthetics	Consolidated / Standalone	25,379	22,886	16,925	21,221	20,429	-5%
KPR Mill	Consolidated	28,111	30,251	33,921	33,533	35,322	6%
Nahar Spinning Mills	Standalone	21,426	21,356	23,080	20,838	21,127	0%
Nitin Spinners	Standalone	9,204	11,276	12,284	14,234	16,247	15%
Sanathan Textiles	Standalone	15,389	18,235	23,407	21,170	19,184	6%
SRF*	Consolidated	48,235	56,097	76,927	72,094	84,000	15%
Vardhman textiles limited	Consolidated	60,323	62,674	69,035	67,645	61,750	1%
Wellknown Polyesters	Standalone	32,637	38,477	45,244	42,690	NA	N.Ap

Note:

- *For Bhilosa industries, Well known polyesters, latest data available is as of FY20*
- *Bhilosa industries and Well known polyesters have grown at a CAGR of 22% and 9% during fiscal 2017-20 respectively*
- *For SRF, revenue from technical textiles in FY21 is Rs 12,401.1 million*
- *For Filatex, FY17-FY19 is consolidated financials, whereas FY20-FY21 is standalone financials*
- *For Indo Rama Synthetics, FY18 and FY19 data is standalone whereas all other years are consolidated (from FY17)*
- *NA: Not Available; NAp: Not applicable*

Source: Company filings, CRISIL Research

Operating profit

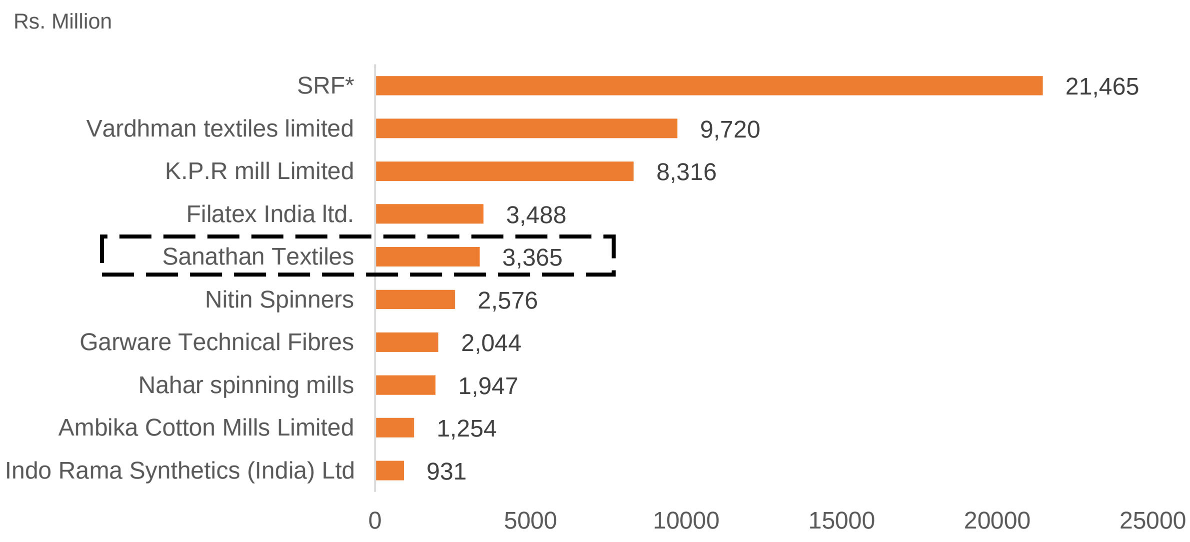
Operating profit (Rs. Mn)	Type	FY17	FY18	FY19	FY20	FY21	CAGR (FY17-21)
Ambika Cotton Mills	Standalone	1,050	1,131	1,242	1,044	1,254	5%
Bhilosa Industries	Standalone	6,013	6,681	10,080	11,153	NA	N.Ap
Filatex India	Consolidated / Standalone	1,331	1,602	2,216	2,233	3,488	27%
Garware Technical Fibres	Consolidated	1,354	1,605	1,920	1,775	2,044	11%
Indo Rama Synthetics	Consolidated / Standalone	(6)	495	(1,458)	(57)	931	N.Ap
KPR Mill	Consolidated	5,674	5,772	6,137	6,405	8,316	10%
Nahar Spinning Mills	Standalone	1,986	999	2,379	736	1,947	0%
Nitin Spinners	Standalone	1,335	1,552	1,784	1,699	2,576	18%
Sanathan Textiles	Standalone	1,690	2,061	2,336	2,130	3,365	19%
SRF*	Consolidated	10,012	9,654	13,594	14,605	21,465	21%
Vardhman Textiles Limited	Consolidated	12,563	9,405	12,547	9,693	9,720	(6)%
Wellknown Polyesters	Standalone	5,131	5,867	5,694	5,712	NA	N.Ap

Note:

- *For Bhilosa industries, Wellknown polyesters, latest data available is as of FY20*
- *Bhilosa industries and Well known polyesters have grown at a CAGR of 23% and 4% during fiscal 2017-20 respectively*
- *For Filatex, FY17-FY19 is consolidated financials, whereas FY20-FY21 is standalone financials*
- *For Indo Rama Synthetics, FY18 and FY19 data is standalone whereas all other years are consolidated (from FY17)*
- *NA: Not Available; NAp: Not applicable*

Source: Company filings, CRISIL Research

Operating profit (FY21)



Note:

- *For Bhilosa industries and Wellknown Polyesters, latest data available is as of FY20*
- *For SRF, technical fiber accounted for 15% of its revenue in FY21*

Source: Company filings, CRISIL Research

Net profit

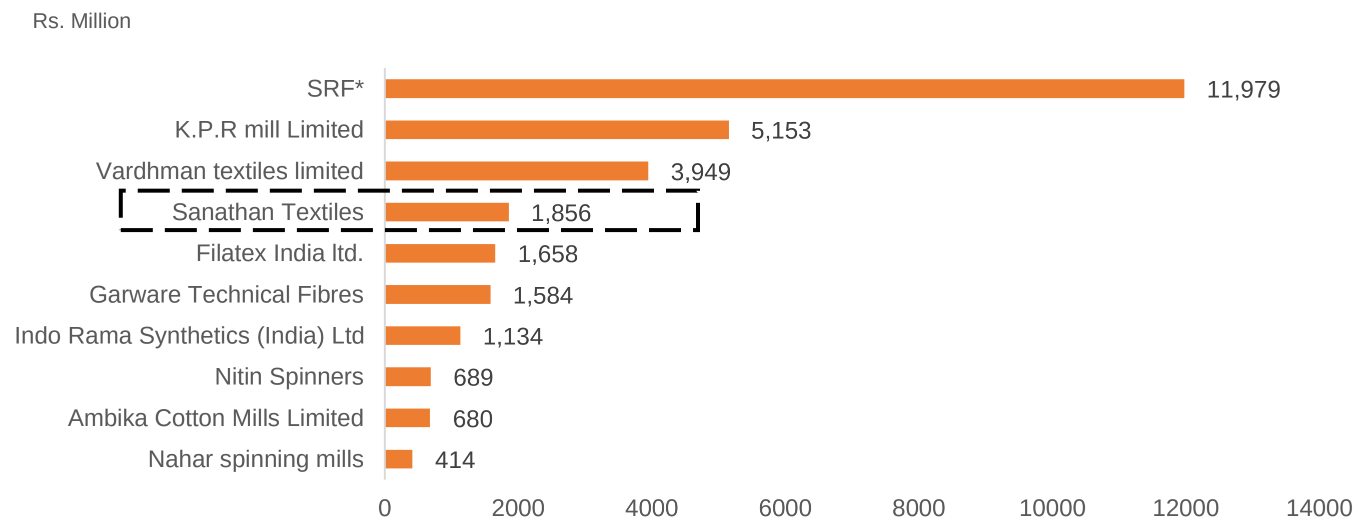
Net profit (Rs mn)	Type	FY17	FY18	FY19	FY20	FY21	CAGR (FY17-21)
Ambika Cotton Mills	Standalone	557	611	632	523	680	5%
Bhilosa Industries	Standalone	2,557	3,077	5,271	5,625	NA	N.Ap
Filatex India	Consolidated / standalone	412	597	850	1,215	1,658	42%
Garware Technical Fibres	Consolidated	844	1,052	1,257	1,405	1,584	17%
Indo Rama Synthetics	Consolidated / standalone	(814)	(827)	(2,711)	(3,165)	1,134	N.Ap
KPR Mill	Consolidated	2,868	2,904	3,349	3,767	5,153	16%
Nahar Spinning Mills	Standalone	458	-322	657	-520	414	-2%
Nitin Spinners	Standalone	574	485	641	238	689	5%
Sanathan textiles	Standalone	278	553	593	460	1,856	61%
SRF	Consolidated	5,150	4,617	6,416	10,191	11,979	23%
Vardhman Textiles Limited	Consolidated	9,924	7,736	7,381	5,747	3,949	(21)%
Wellknown Polyesters	Standalone	2,233	1,654	2,159	1,926	NA	N.Ap

Note:

- *For Bhilosa industries, Wellknown polyesters, latest data available is as of FY20*
- *Net profit for Bhilosa industries has grown CAGR of 30% and Wellknown polyesters has degrown by CAGR of (5)% during fiscal 2017-20*
- *For Filatex, FY17-FY19 financials are consolidated and FY20-FY21 standalone*
- *For Indo Rama Synthetics, FY18 and FY19 financials are standalone and all other years' consolidated (from FY17)*
- *For SRF, technical fibres account for 9.7% of total profit before interest and tax (PBIT) in FY21*
- *NA: Not available, NAp: Not applicable*

Source: Company filings, CRISIL Research

Net profit (FY21)



Note:

- *For Bhilosa industries and Wellknown Polyesters, latest data available is as of FY20*
- *For SRF, technical fibres accounted for 9.7% of total PBIT (profit before interest and tax) in FY21*

Source: Company filings, CRISIL Research

Key ratios for players considered

Key financial ratios of players (FY21)

Company	Operating revenue CAGR (FY17-21)	Operating profit CAGR (FY17-21)	Power and fuel as % of operating revenue	PAT CAGR (FY17-21)	Operating profit margin	Net profit margin	ROCE	Interest coverage	Gearing
ACML	4.3	4.5	3.5	5.1	19.8	10.7	15.8	19.5	0
BIPL#	21.5	22.9	8.0	30.1	14.3	7.2	15.3	8.5	0.6
FIL	9.5	27.2	7.6	41.7	15.7	7.4	21.5	6.1	0.8
GTFL	5.2	10.8	3.2	17.1	19.8	15.3	23.7	23.2	0.1
IRSL	(5.3)	N.Ap	4.4	N.Ap	4.6	5.6	13.7	1.6	1.1
KPRML	5.9	10.0	3.5	15.8	23.5	14.6	25.1	26.4	0.3
NSML	(0.4)	(0.5)	11.6	(2.5)	9.2	2	6.3	3.1	1.2
NSL	15.3	17.8	11.0	4.7	15.9	4.2	10.5	4.2	1.7
STPL	5.7	18.8	7.3	60.7	17.5	9.7	25.7	6.8	0.9
SRFL*	14.9	21.0	8.5	23.5	25.6	14.3	17.7	16.4	0.5
VTL	0.6	(6.2)	9.9	(20.6)	15.7	6.4	8.8	4.6	0.3
WPPL#	9.4	3.6	7.4	(4.8)	13.4	4.5	9.4	4.2	0.6

Note:

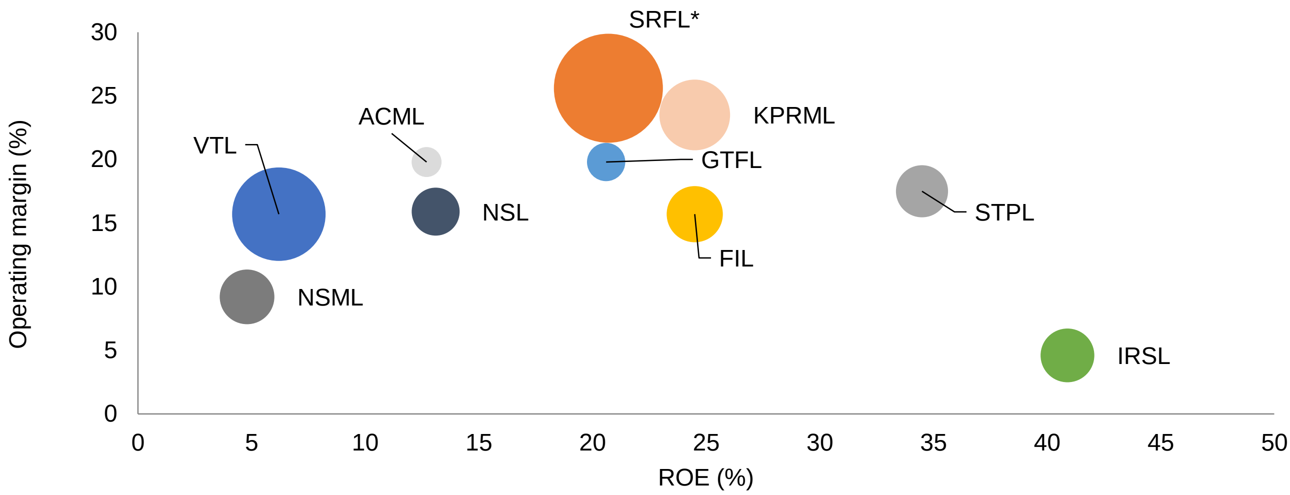
- *#: Values mentioned are as of fiscal 2020*
- *#: CAGR mentioned are for from fiscal 2017 to fiscal 2020*
- **: Values for SRFL include values from all the segments of the company*
- *Values mentioned above are rounded of nearest possible decimal*
- *N.Ap: Not Applicable*
- *ACML: Ambika cotton mills ltd, BIPL: Bhilosa Industries pvt ltd, FIL: Filatex India ltd, GTFL: Garware Technical textiles ltd, IRSL: Indo Rama synthetics (India) ltd, KPRML: K.P.R mill ltd, NSML: Nahar spinning mills ltd, NSL: Nitin Spinners ltd, STPL: Sanathan textiles pvt ltd, SRFL: SRF ltd, VTL: Vardhman textiles ltd, WPPL: Wellknown Polyesters pvt ltd*

Source: Company annual reports, MCA filings, CRISIL Research

- Interest coverage = Profit before depreciation, interest and tax /Interest and Finance Charges
- Net working capital days = Debtor days - Payable days + Inventory days
- Operating profit margin = OPBDIT (Operating profit before depreciation interest and tax) / Operating Income
- Net margin = Profit after Tax / Operating Income
- ROCE = Profit before interest and tax / (Total debt + Tangible net worth)

- Gearing = Adjusted debt /Adjusted net worth
- OPBDIT = Operating income – cost of sales

ROE vs Operating profit margin (FY21)

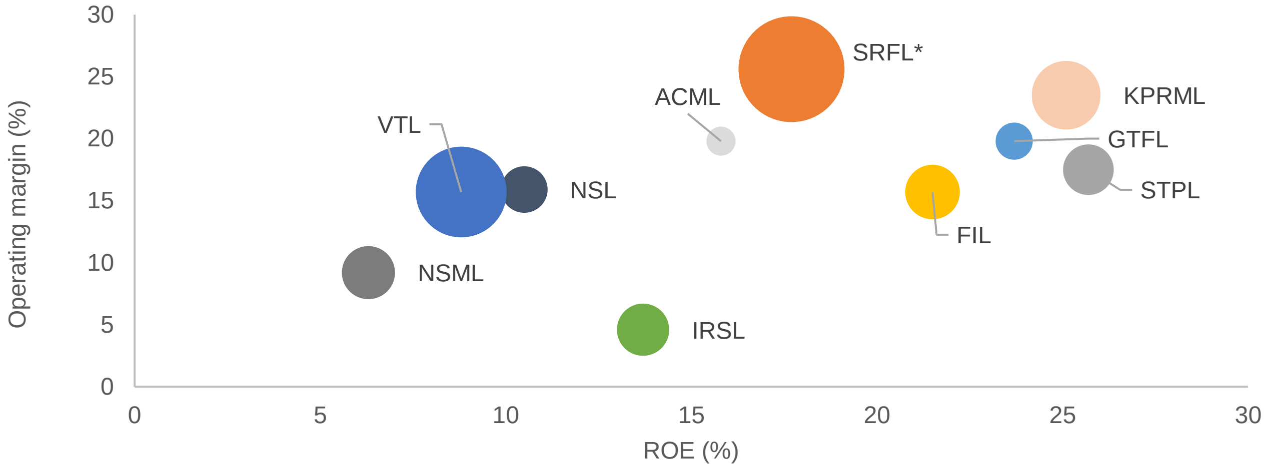


Note:

- *For SRFL revenue from technical textiles in FY21 is Rs.12,401.1 Million*
- *Bubble represents operating revenue for the company for the fiscal year 2021*

Source: Company annual reports, MCA filings, CRISIL Research

ROCE vs Operating profit margin (FY21)



Note:

- *For SRF revenue from technical textiles in FY21 is Rs.12,401.1 Million*
- *Bubble represents operating revenue for the company for the fiscal year 2021*

Source: Company annual reports, MCA filings, CRISIL Research

OUR BUSINESS

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to the Company along with its Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company and business, prospective investors should read this section in conjunction with "Risk Factors", "Industry Overview", "Management's Discussions and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 31, 120, 293 and 230, respectively, as well as financial and other information contained in this Draft Red Herring Prospectus as a whole. Additionally, please refer to "Definitions and Abbreviations" on page 4 for certain terms used in this section.

*The industry information contained in this section is derived from the report titled "Assessment of textile industry with special focus on yarn manufacturing market in India" dated December 28, 2021 (the "**CRISIL Report**"), prepared and issued by CRISIL, which has been exclusively commissioned and paid for by us in connection with the Offer, as well as certain other publicly available sources and engaged us on October 11, 2021. The CRISIL Report is available on the website of our Company at https://www.sanathan.com/Other-Information.php.*

Some of the information set out in this section, especially information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled "Forward Looking Statements" on page 29 for a discussion of the risks and uncertainties related to those statements and also the section titled "Risk Factors" on page 31 for a discussion of certain factors that may affect our business, financial condition or results of operations. We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, some of which may not be derived from our Restated Financial Statement or otherwise subjected to an examination, audit or review or any other services by our Statutory Auditor, or any other expert. The manner of calculation and presentation of some of the operational and financial performance indicators, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Our financial year ends on March 31 of every year, so all references to a particular financial year are to the twelve-month period ended March 31 of that year.

Overview

We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors. (***Source:*** *CRISIL Report*). All the three yarn verticals are housed under a single corporate entity. This has facilitated our diversification into new segments which in turn has helped us in serving a large number of customers across various sectors. As on September 30, 2021, we have a diversified product portfolio with capability to manufacture more than 12,900 varieties of yarn products with more than 100,000 SKUs that are used in various forms and for varied end uses.

We have a high share of value-added products, with the share of income from value-added products to the total revenue being 52.16%, 51.31%, 41.97% and 39.37%, for the six-month period ended September 30, 2021, Fiscals 2021, 2020, and 2019, respectively. We believe that this has resulted in higher EBITDA margins for our Company.

Our business is divided into three separate yarn business verticals, consisting of: a) Polyester yarn products; b) Cotton yarn products; and c) Yarns for technical textiles and industrial uses. The revenue mix from the three verticals for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019 and was:

(₹ in million)

Business vertical	**For the six-month period ended September 30, 2021**	**Fiscal 2021**	**Fiscal 2020**	**Fiscal 2019**
Polyester yarn products	11,556.33	15,467.29	18,591.73	20,733.89
Cotton yarn products	2,408.70	3,196.49	1,965.56	1,953.21
Industrial and technical textiles yarns	344.37	519.76	608.71	716.79

Our products are manufactured at our facility at Silvassa. Over the years, our Company has scaled up its production and as on September 30, 2021, it had a total capacity of 221,050 MTPA across the three yarn verticals. We manufacture polyester chips using purified terephthalic acid ("**PTA**") and mono ethylene glycol ("**MEG**"), and convert the chips into polyester yarn through various intermediate processing to impart specific properties to the yarn. (***Source:*** *CRISIL Report*).

Exports accounted for 12.36%, 12.61%, 18.18% and 16.98% of Revenue from Operations for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019 respectively. For Fiscal 2021, our Company exported its products to more than 41 countries with more than 50% of the revenue from export sales coming from Argentina, South Korea, Brazil and Turkey. The export sales on this scale are possible due to our global distribution network. As on September 30, 2021, we had more than 295 distributors in more than 37 countries including India. We believe that such a global distribution network is instrumental in an effective supply-chain management as well minimizes risks that may emanate from any geographical concentration.

Our Promoters have a cumulative experience of over 100 years in the textile industry with more than 40 years in the yarn business. Our Promoter and Chairman & Managing Director, Pareshkumar Dattani has over 42 years of experience in the textile industry and has been responsible in augmenting relationships with various stakeholders which has helped our Company expand by increasing its product portfolio on a continuous basis. Our Joint Managing Director and Promoter, Ajaykumar Dattani, our Promoters, Anilkumar Dattani and Dineshkumar Dattani, all have considerable experience in the textile industry, which has contributed to the growth trajectory of our Company. For further details, see "*Our Promoters and Promoter Group*" on page 220.

We are an environmentally conscious Company, and we encourage the use of renewable resources. As of September 30, 2021, our Company had installed rooftop solar projects at our Silvassa facility with a capacity of 2.3 MW. Further, for Fiscal 2021, 5% of the energy consumed is derived from renewable resources, i.e., the rooftop solar projects at our Silvassa facility. Our Company's consumption of electricity consumed per kg of yarn manufactured has reduced from 0.78 kWh in Fiscal 2019 to 0.72 kWh in Fiscal 2021 for polyester and from 6.50 kWh in Fiscal 2019 to 6.42 kWh in Fiscal 2021 for cotton. Further, our facility is designed with 'Zero Liquid Discharge Solution', where no industrial wastewater is discharged into surface waters, thereby minimizing environmental pollution. We also manufacture products from recycled materials.

We believe that our scale of operations and vast distribution network along with our customers' confidence have had a significant impact on our revenues and profitability as disclosed below:

(₹ in million)

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Revenue from operations	19,183.55	21,166.00	23,403.90
EBITDA(1)	3,279.44	2,126.55	2,346.71
EBITDA margins(2)	17.10%	10.05%	10.03%
Profit after tax	1,856.31	460.16	552.26
Return on equity (3)	29.42%	10.36%	13.82%
Return on capital employed (4)	29.42%	13.36%	17.69%
Net debt(5)	5,146.32	6,467.09	5,485.04
Net debt / EBITDA	1.57	3.04	2.34
Fixed asset turnover ratio(6)	2.16	2.34	2.93
Working capital cycle(7)	54	38	24

(1) Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income

(2) (Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.

(3) Profit after tax / Net worth. (Net worth =Total Equity)

(4)EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Non-current borrowings)

(5) Current Borrowings + Non-current borrowings – cash and cash equivalents

(6) Revenue from operations / Net block of property, plant and equipment.

(7) Number of days for current assets@ - Number of days for current liabilities@@

@ (365 / Raw materials consumed x Raw materials)+(365 / Raw materials consumed x Work-in-progress)+(365 / Raw materials consumed x finished goods)+(365 / Raw materials consumed x Intermediate products)+(365 / Raw materials consumed x Stock-in-trade)+(365 / Raw materials consumed x Stores and packing materials)+(365 / Revenue from operations x Trade receivables)+(365 / Revenue from operations x Cash and cash equivalents)+(365 / Revenue from operations x Other bank balances)+(365 / Revenue from operations x Other financial assets)+(365 / Revenue from operations x Other current assets)

@@ (365/ Raw materials consumed x Trade payables)+(365/ Revenue from operations x Other financial liabilities)+(365/ Revenue from operations x Other current liabilities)+(365/ Revenue from operations x Provisions)

Our Strengths

We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors.

We are present across three yarn verticals, *i.e.* a) Polyester yarn products; b) Cotton yarn products; and c) Yarns for technical textiles and industrial uses. All the three yarn verticals are housed under a single corporate entity. One of our business strengths lies in the diversity of our product range and the relatively higher share of value-added products. As of September 30, 2021, we manufacture more than 12,900 varieties of yarn products with more than 100,000 SKUs that are used in various forms and for varied end uses.

The share of income from value-added products to the total revenue was 52.16%, 51.31%, 41.97% and 39.37% for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019 and respectively.

The yarn production for the six-month period ended September 30, 2021 and for the Fiscals 2021, 2020 and 2019, was 107,625 MT, 182,543 MT, 209,401 MT, and 207,365 MT, respectively with a capacity utilization of 97.38%, 82.89%, 97.98% and 97.62%, for such period, respectively. The consistent capacity utilization has been possible because our products have end-use applications across a broad spectrum of industries such as apparels (including sportswear, activewear and innerwear), home textiles, travel and leisure (luggage, suitcases, parachutes, etc.), medical usages, automobiles, etc.

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

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

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

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

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

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

Fully integrated Yarn manufacturing plant set up at a strategic location with equipment supplied by domestic and globally renowned players.

Our products are manufactured at our facility at Silvassa which lies in western Gujarat. The West Gujarat Cluster is amongst the major strategic locations for polyester yarn manufacturers in India due to availability of manufacturing facilities across supply chain of polyester segment. Presence of raw materials manufacturers, for MEG and PTA, such as Reliance Industries Limited, provides a logistical advantage for manufacturers in the location. (***Source:*** *CRISIL Report*). Our facility has access to the textile markets of Gujarat and Maharashtra. The equipment in our facility has been designed and supplied by few of the domestic and globally renowned players in the yarn industry and has been designed to handle high number of SKUs so as to service made to order products as well as high value-added products. We believe that our automatic doffing, transportation and package handling systems meet global inventory management standards and our automated warehouse management system ensures high efficiency, less damage and better inventory management in limited space for handling a large number of SKUs. The process automation and technology helps in reduction of labour dependency and brings in more efficiency. Further, the data driven decision making helps in timely management of production resulting in higher profitability.

From March 31, 2019 to September 30, 2021, we increased our capacities from 212,425 MTPA to 221,050 MTPA. Our facility is ISO 9001:2015, ISO 14001 and ISO 45001 certified and is also Standard 100 certified by OEKO-TEX and is capable of manufacturing more than 12,900 varieties of yarn products with more than 100,000 SKUs that are used in various forms and for varied end uses.

We have fully integrated polyester facilities with a continuous polymerization plant design with three luster and single esterification offering product flexibility. The plant is designed for handling high number of SKU's to service made to order products and high value added products. The continuous polymerization plant has technologically advanced process configurations, such as, automatic metering and feeding unit, top temperature automatic balance control unit, advanced torque sensor, esterification collecting and weighing sensor, reactor agitating rate and power displayed, a metering unit for discharging, automatically assigned by the system and computer control system.

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

We have established long-standing relationships with few of the leading consumer brands such as Arvind Limited, Trident Limited, Welspun India Limited, Page Industries Limited, D'Décor Home Fabrics Private Limited, Premco Global Limited, Vissco Rehabilitation Aids Private Limited, Jerseytex Limited, Creative Garments Private Limited, International Conveyors Limited, Siyaram Silk Mills Limited, Kochar Sung-up Acrylic Limited, Ascent Yarns Private Limited, Faze Three Autofab Limited, Banswara Syntex Limited, Tesca Textiles and Seal Components (India) Private Limited, Duvalli, S.A., Paragon Knits Limited, Todi Mills, GM Fabrics Private Limited, Jacquard Fabrics (India) Private Limited, AYM Syntex Limited, Techno Sportswear Private Limited, GM Syntex Private Limited, Haren Textiles Private Limited, Pioneer Polyleathers Private Limited, Khosla Profil Private Limited, Senbagam Textiles, Tulip Elastics (P) Limited, Marine Nets, Valson Polyester Private Limited and Kumar Elastics and Paras Fabrics, which we believe has been possible due to decades of association, delivery of quality products, made to order products and by maintaining high quality standards. As on September 30, 2021, we had more than 1,166 customers and the share of the top 10 customers and the top 5 customers in the total revenue was 20.81% and 13.04%, respectively. Our long-term association with key customers also offers significant competitive advantages such as revenue visibility, industry goodwill and also allows us to up-sell and cross-sell our diverse range of products. For the six-month period ended September 30, 2021, we supplied to customers spanning 37 countries which has offered us insulation from business risk since the customers are from diverse geographies. Our diversified customer base also aids in reducing our dependence on a single group of geographies and helps in mitigating the effect of economic and industry-specific cycles.

As on September 30, 2021, we had more than 295 distributors in more than 37 countries including India which was instrumental in an effective supply-chain management and helped augment our sales across geographies. We are supported by reputed third party distributors across geographies with whom we have been associated for more than 10 years. We believe that our long-standing relationships with such reputed third-party distributorship network has been possible due to the continued production of quality value-added products. Such relationships with third-party distributorship network have assisted us in scaling of our business, increasing our international presence and has helped us enhance our goodwill.

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

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

Healthy financial performance

We believe that our focus on operational and functional excellence has contributed to our track record of healthy financial performance. For the Fiscals 2021, 2020 and 2019, we generated total revenue from operations of ₹ 19,183.55 million, ₹ 21,166.00 million and ₹ 23,403.90 million, respectively. The EBITDA for the Fiscals 2021, 2020 and 2019, was ₹ 3,279.44 million, ₹ 2,126.55 million and ₹ 2,346.71 million, respectively and net profit after tax for such period was ₹ 1,856.31 million, ₹ 460.16 million and ₹ 552.26 million, respectively. We have reported Return on Equity of, 29.42%, 10.36% and 13.82%, with a total debt to equity ratio of 0.86, 1.46 and 1.42 for Fiscals 2021, 2020 and 2019, respectively, and a Return on Capital Employed of 29.42%, 13.36% and 17.69%, for such period. Also, our total borrowings, as per our Restated Financial Statement have reduced from ₹ 5,629.01 million in Fiscal 2019 to ₹ 5,411.63 million in Fiscal 2021. As of October 31, 2021, our Company had total borrowings (long term borrowings (including current maturity of long-term debt) and short-term borrowings) amounting to ₹ 4,350.35 million.

We have experienced increased profit margins on our products. We believe that our strong financial performance reflects the efficacy of the manufacturing and supply-chain management protocols that we have implemented. Our steady operating cash flows enable us to meet the present and future needs of our customers and develop new value-added products. We have also significantly invested in the capacity expansion and modernisation of our facility at Silvassa as well as in certain of our R&D endeavours. We further believe that this aids us in strengthening our trust and engagement with our customers and which further enhances our ability to retain these customers and extend our engagement across products and geographies.

Experienced management team with a proven track record

We attribute our growth to the experience of our Promoters and senior management team. Our Promoters have a cumulative experience of over 100 years in the textiles industry with more than 40 years in the yarn business. Our Promoter and Chairman & Managing Director, Pareshkumar Dattani has over 42 years of experience in textiles industry and has been responsible in augmenting relationships with various stakeholders which has helped our Company expand by increasing its product portfolio on a continuous basis. Our Joint Managing Director and Promoter, Ajaykumar Dattani, our Promoters, Anilkumar Dattani and Dineshkumar Dattani, all have considerable experience in the textile industry, which has contributed to the growth trajectory of our Company.

Our Strategies

Expanding our manufacturing capacity.

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

We propose to increase our scale of operations in all our three verticals to cater to such projected increase in demand. In our polyester yarn division, we are evaluating options to set up a greenfield manufacturing facility to increase our polyester manufacturing capacity in the coming years. In our cotton yarn division, we are in the process of setting up an additional cotton yarn production facility where we will enhance the cotton yarn production capacity and integrate it with a fabric weaving division, which will provide us with downstream integration and value addition within the same facility. For our yarns for technical textiles and industrial uses vertical, we plan to set up an inhouse facility to make specialised high intrinsic viscosity raw material required to make yarns for technical textiles and industrial end-use.

We have also recently started our recycled yarn business under the polyester yarn product vertical and have been manufacturing and marketing our recycled yarn products under our brand, '*Rivero*' looking at the growth in demand for recycled yarns from brands and consumers and keeping in mind the environmental benefits of reusing waste plastic bottles to convert them into yarns for fabrics. We plan to grow our recycled yarn business in the coming years to a significant capacity and thereby expanding our polyester yarn business vertical.

We seek to capitalize on the growth opportunities in the yarn industry considering our current scale of operations, network of distributors, number of customers that we cater to and spearheaded by an experienced management team. As on September 30, 2021, our facility at Silvassa had a production capacity of 221,050 MTPA and having the ISO 9001:2015, ISO 14001 and ISO 45001 certification along with the Standard 100 certification by OEKO-TEX. We endeavour to double our polyester yarn production by the end of Fiscal 2025 and the cotton yarn capacity is also expected to increase by the end of Fiscal 2023 along with downstream integration and value addition for cotton.

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

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

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

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

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

Our Manufacturing capabilities

We manufacture our products at our facility at Silvassa. As of September 30, 2021, this manufacturing facility has a production capacity of 221,050 MTPA. The capacity and capacity utilization of our facility for the last three Fiscals and for the six-month period ended September 30, 2021, are illustrated below:

Total installed capacity:

Products Name	As on September 30, 2021 (MTPA)	As on March 31, 2021 (MTPA)	As on March 31, 2020 (MTPA)	As on March 31, 2019 (MTPA)
Polyester	200,750	200,750	2,00,750	2,00,750
Cotton Yarn	14,000	14,000	7,500	6,200
Technical Textiles	6,300	5,475	5,475	5,475
Total	**221,050**	**220,225**	**2,13,725**	**2,12,425**

Production and capacity utilization:

Product	Production (MT for the six-month period ended September 30, 2021)	Capacity utilization #	Production (MT for the year ended March 31, 2021)	Capacity utilization #	Production (MT for the year ended March 31, 2020)	Capacity utilization #	Production (MT for the year ended March 31, 2019)	Capacity utilization #
Polyester	97,318	96.95%	168,350	83.86%	1,97,091	98.18%	1,96,173	97.72%
Cotton Yarn	7,277	103.95%	9,533	68.09%	6,946	92.61%	6,006	96.87%
Technical Textiles	3,030	96.19%	4,661	85.12%	5,364	97.97%	5,186	94.72%
Total	**107,625**	**97.38%**	**182,543**	**82.89%**	**2,09,401**	**97.98%**	**2,07,365**	**97.62%**

#As certified by Mitesh M. Desai, Chartered Engineers, by way of their certificate dated January 6, 2022.

Raw Materials

We majorly require purified terephthalic acid ("**PTA**") and mono ethylene glycol ("**MEG**"), IDY chips and raw cotton as raw materials. PTA, MEG & IDY Chips are purchased domestically as well as imported. The break-up of the raw materials sourced domestically and imports for the three Fiscals and for the six-month period ended September 30, 2021 are as follows:

Particulars	For the six-month period ended September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Imports	27.60%	18.78%	28.15%	21.39%

Particulars	For the six-month period ended September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Local Purchase	72.40%	81.22%	71.85%	78.61%

Polyester Yarn production process is completely backward integrated with a continuous polymerization plant and hence the raw material required is Purified Terephthalic Acid (PTA) & Mono Ethylene Glycol (MEG).

Cotton Yarn production process requires the company to use raw cotton as the primary material for producing cotton yarns. Raw cotton is a kharif crop and is available only during the cultivation season. Therefore, for seamless & non-stop production of cotton yarns bulk purchases are made during the cultivation season.

Yarns for technical textiles and industrial uses requires a particular type of chips called IDY Chips that are sourced locally and also imported.

Our sourcing capabilities are backed by effective systems and processes and an effective information technology infrastructure, allowing us to deliver our products to our consumers on a timely basis.

Utilities

We have adequate facilities and infrastructure to source and store raw materials and have existing connections for utilities like water, power etc. for the existing facilities.

Power:

All our manufacturing units have adequate power supply to carry out manufacturing operations. The units receive power from DNH Power Distribution Corporation Limited and from our captive solar plant. We have installed DG sets in all our manufacturing units for contingencies occurring due to power outage.

Water:

Our manufacturing units use ground water for our manufacturing operations.

Waste Management:

We have installed effluent treatment plants in our manufacturing units for treatment of wastewater generated during the manufacturing process. We have a zero-liquid discharge ("**ZLD**") effluent treatment plant which enables us to carry out complete in-house treatment of wastewater which is generated. At both ZLD units we use final treated recycled water for cooling water, irrigation, and gardening purpose, which complies all pollution control board norms. We have executed various agreements with third parties for systematic disposal and processing of hazardous waste generated in all our manufacturing units. We have also availed the requisite consents and environmental approvals from the regulatory authorities for operating our manufacturing units. For further details, see "*Government and other approvals*" on page 330.

Marketing

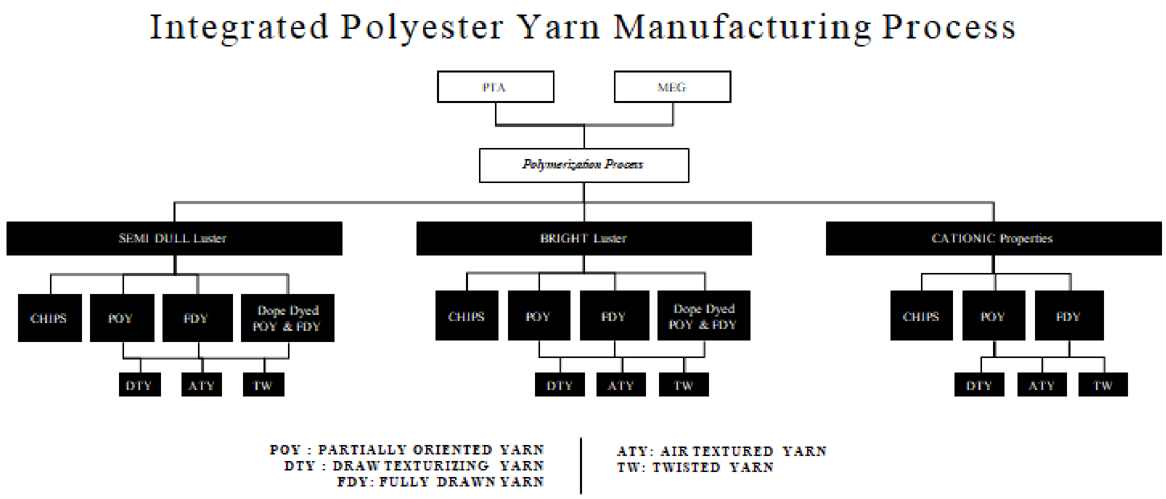
We have a dedicated sales team that manages the relationship with distributors and customers. The experience of the sales team helps in penetrating the market and in reaching out to more customers.

We also regularly participate in several trade fairs which help in networking, attracting potential customers, and updating our customers about the new products that we manufacture. We have also outsourced our social media marketing to a marketing firm.

Our Manufacturing processes

We manufacture a range of polyester yarn products including recycled yarn, cotton yarn products and industrial and technical yarns. An illustrative flow chart of our productions processes is illustrated below:

a) Integrated polyester yarn manufacturing process



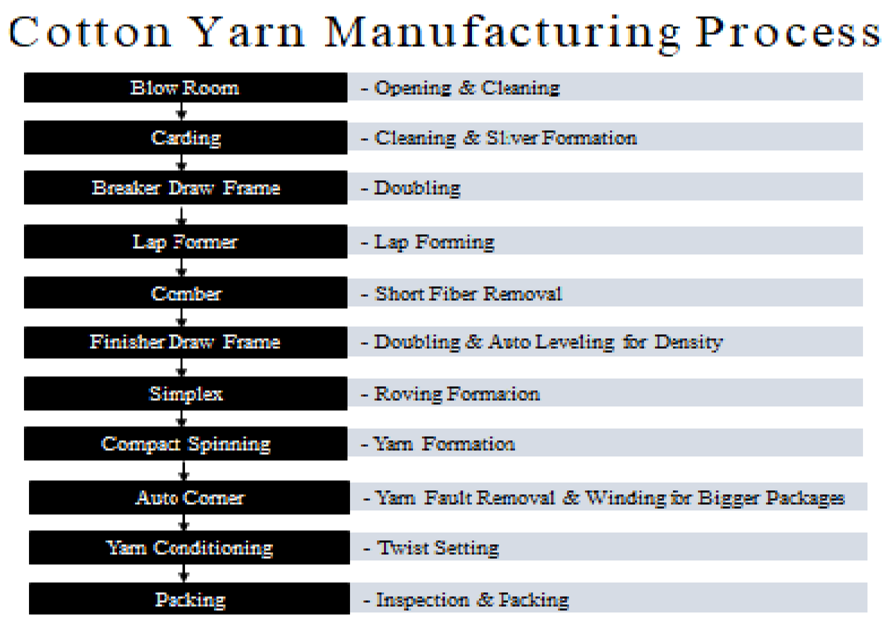
There are three steps in the manufacturing process of polyester:

- **Polymerisation** - Polymerisation is conversion of PTA and MEG into polyester through polymerisation. Polymerisation contains 3 steps of esterification, polycondensation and filtration. This polymerisation process can take place either in batches or continuously. A continuous polymerisation plant has lower operating cost, and more uniform product quality. Further, the yarns can be produced in various lustres ranging from bright, semi-dull, dull and cationic.

- **Melt Spinning** - The melt produced in the polymerisation stage is spun directly for various deniers and filaments. Direct spinning eliminates the intermediate steps of chip production, drying, and subsequent re-melting, thereby saving energy, capital costs, and operating expenses. The polyester melt, which is in a molten state, is forced through the holes of a spinneret. A spinneret is a nozzle or a disc with fine holes, through which the melt is extruded. In this stage, the yarns can be dyed through conventional dyeing and dope dyeing.

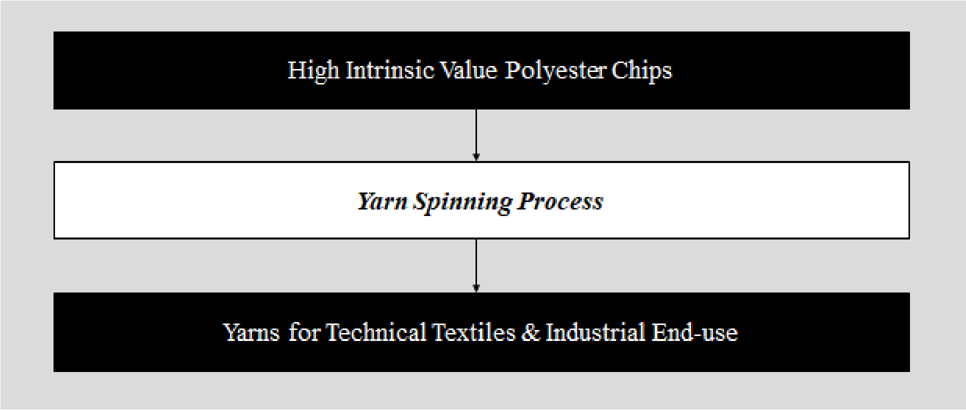
- **Processing** – Further, Processing involves the drawing, crimping, heat-setting to produce different effects such as silkiness, bulkiness, slubs etc. and create wide varieties of different properties on the yarn for varied end uses.

b) Cotton yarn manufacturing process



c) Yarns for technical textiles and industrial end-use

Yarns for Technical Textiles & Industrial End-Use Manufacturing Process



Products

Our business is divided into three separate yarn business verticals, consisting of: a) Polyester yarn products; b) Cotton yarn products; and c) Yarns for technical textiles and industrial uses which are detailed below:

a) Polyester yarn products: We offer a wide variety of polyester yarn products such as polyester partially oriented yarn / partially oriented yarn, draw textured yarn, air-textured yarn, fully drawn yarn, twisted yarn, recycle yarn and blended yarn which are available in various filaments, deniers, lustres (full dull / semi dull / bright / cationic) and colours (dope-dyed technology). The polyester yarns produced by us have applications in varied industries such as apparel, sports and athleisure, active and innerwear, home textiles, technical textiles, travel & leisure, logistics & mobility, medical purposes, etc.

   We have recently set up a new business – recycled yarn, where we buy chips made from recycled materials and convert them into yarns for fabrics.

b) Cotton yarn products: The types of cotton yarns include cotton carded yarn, cotton combed compact yarn, and others. Cotton yarn are used for industrial as well as other purposes such as weaving, knitting, flat knits, protective apparel, denim, etc.

c) Yarns for technical textiles and industrial uses: Industrial yarns are deemed to be the highest discipline as far as filament manufacturing is concerned. Industrial yarns are very durable, offer dimensional stability, and have a high tenacity.

   As on September 30, 2021, we have a diversified product portfolio with capability to manufacture more than 12,900 varieties of yarn products with more than 100,000 SKUs that are used in various forms and for varied end uses. In line with our aim to be an environmentally conscious company, we also manufacture variety of eco-friendly yarns such as coloured yarns, bio-degradable yarns, etc. Further, we also manufacture recycled yarns, wherein the yarns are produced from recycled plastic.

   The usage of the yarns that we manufacture can be detailed as under:

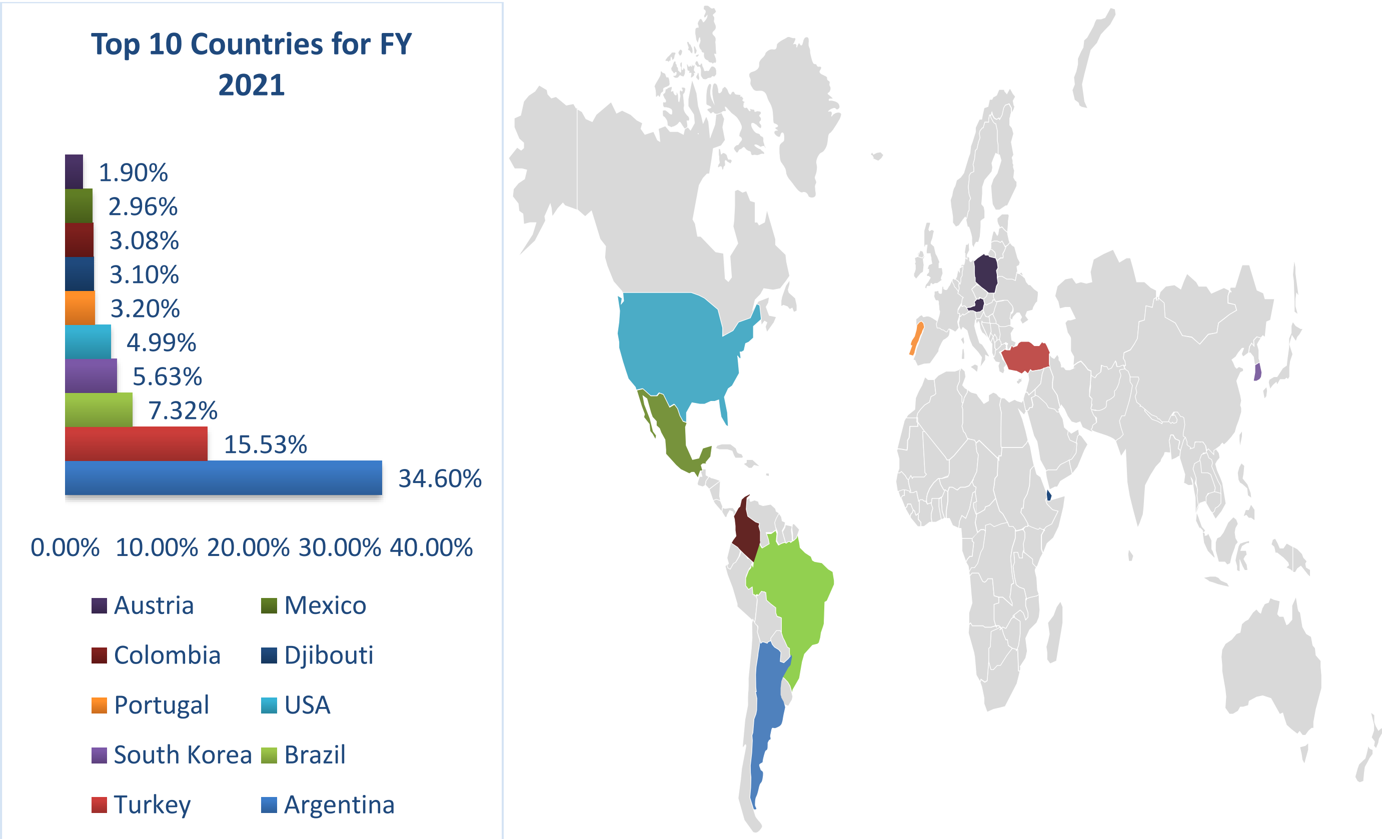
Business vertical	Manufacturing process and usage
Polyester yarn	a) Polyester partially oriented yarn / Partially oriented yarn ("**POY**"): POY is the primary form of polyester yarn. POY is spun at speeds of around 2,800 to 3,300 m/minute and is oriented with crystallinity. POY can be manufactured in various colours by implementing the dope-eyed technology which offers partially oriented yarns a commendable stability and shelf life for further use. POY is an ideal commercial intermediate for drawn and textured yarn. b) Draw textured yarn ("**DTY**"): When the POY is drawn and twisted at the same time, the resultant product is a DTY. DTY is the most used texturing process in the textile industry owing to the numerous advantages associated with it including its ability to process continuous-filament yarns of different types of polymer and not only thermoplastics. Further, many heating techniques are used to make the yarns suitable for specific applications. DTY produced by our Company finds applications across many end uses and segments like fabrics for denims, home furnishings, carpets, bags, seat covers, sarees and dress materials, medical applications in masks and personal protective equipment (PPE). c) Air-textured yarn ("**ATY**"): ATY is an able substitute for the synthetic hand of false twist textured yarns and offers a fresh new look to the fabrics. ATY has a similar touch and warmth as that of cotton. The appearance and the physical characteristics of ATY resembles that of spun yarns. The process to produce ATY is completely mechanical and makes use of a cold-air stream to manufacture bulked yarns. ATY also finds application in a diverse range of fabrics, i.e. from a light-weight scrim to heavy-duty soft luggage. It is also used to make light-weight swimwear. d) Fully drawn yarn ("**FDY**"): FDY is a variety of a highly drawn polyester filament that is widely used to produce fabrics and textiles. The process to manufacture FDY is similar to that of partially oriented yarn (POY). However, the yarn is produced at very high spinning speeds compared to POY and combined with

Business vertical	Manufacturing process and usage
	intermediate drawing. FDY is majorly used in several industrial applications that require uniformity, tenacity, shrinkage, and elongation. e) Twisted yarn: There are two main types of polyester yarns, including, filament yarns and spun yarns. Filament yarns are produced by using single polyester filaments and putting them together. The filament yarns are further twisted and air-entangled to augment its usage in various downstream processes like weaving, knitting, sizing etc. f) Recycled yarn: Recycled yarn is produced using recycled waste PET bottles to produce yarn that can be woven into polyester clothing. Recycled PET bottles are sorted from other plastics, thoroughly cleaned, de-capped, de-labelled and processed into flakes. Minimal energy is used during production compared to products made from virgin raw material, thus contributing to overall environmental sustainability. g) Blended yarn: Blended yarn is the kind of yarn in which several types of fibres are mixed. They exhibit a blended characteristic which is entirely new. When two varied materials are blended to form a new product, their best qualities get mixed as well. Some of the well-known blended yarns are Cotton / Nylon Yarn, Polyester / Viscose Yarn, Acrylic / Cotton Yarn, Polyester / Linen Yarn
Cotton yarn	Raw cotton is first spun and twisted, then made into cotton yarn. This process locks the fibres together and gives the yarn strength. The different types of cotton yarns include cotton carded yarn, cotton combed yarn, cotton compact yarn, and others. Cotton yarn is used for industrial as well as other purposes such as weaving, knitting, flat knits, protective apparel, denim, etc.
Industrial and technical textiles yarns	a) Indutech – Used in ropes and cordages, coated abrasives, drive belts, conveyer belts, etc. b) MobilTech - Used in seat overs, tufted carpet, seat belts, cabin filters, etc. c) SportTech - Used in sports nets, parachutes, artificial grass and turfs, hot air baloons, sleeping bags, etc. d) Buildtech - Used in floor & wall coverings, scaffolding nets, awning & canopies, etc. e) HomeTech - Used in blinds, mosquito nets, carpet backing cloth, filter, consumables, etc. f) ClothTech - Used in elastic narrow fabrics, shoelaces, etc. g) AgroTech - Used in fishing nets, bird protection nets, mulch pelts, crop covers, shade nets, etc. h) ProTech - Used in bullet proof protective clothing, high visibility clothing, fire retardant products, etc. i) PackTech - Used in soft luggage, etc. j) GeoTech - Used in Geo-Composites, GeoBags, Geogrids, Geonets.

Our Customers and Suppliers

Our customer base currently comprises a number of multinational, regional and local companies such as Arvind Limited, Trident Limited, Welspun India Limited, Page Industries Limited, D'Décor Home Fabrics Private Limited, Premco Global Limited, Vissco Rehabilitation Aids Private Limited, Jerseytex Limited, Creative Garments Private Limited, International Conveyors Limited, Siyaram Silk Mills Limited, Kochar Sung-up Acrylic Limited, Ascent Yarns Private Limited, Faze Three Autofab Limited, Banswara Syntex Limited, Tesca Textiles and Seal Components (India) Private Limited, Duvalli, S.A., Paragon Knits Limited, Todi Mills, GM Fabrics Private Limited, Jacquard Fabrics (India) Private Limited, AYM Syntex Limited, Techno Sportswear Private Limited, GM Syntex Private Limited, Haren Textiles Private Limited, Pioneer Polyleathers Private Limited, Khosla Profil Private Limited, Senbagam Textiles, Tulip Elastics (P) Limited, Marine Nets, Valson Polyester Private Limited, Kumar Elastics and Paras Fabrics.

As on September 30, 2021, we had more than 1,166 customers. We have strong and long-established relationships with a number of our customers. We believe our customer relationships are led primarily on account of our ability to meet stringent specifications and customizations along with our strong technical competencies. We are committed to developing and maintaining long-term relationships with our customers through frequent interactions and follow-ups.



The above map highlights the top 10 countries where we have exported (in terms of revenue) for Fiscal 2021.

The product that is mainly exported in the last three Fiscals is polyester textured yarn. The revenue from export sales for the six-month period ended September 30, 2021 and the Fiscals 2021, 2020 and 2019 and for was ₹ 1,768.90 million, ₹ 2,418.73 million, ₹ 3,848.73 million, and 3,973.77 million, respectively, consisting of 12.36 %, 12.61 %, 18.18 % and 16.96 %, of the total revenue in such periods. As of September 30, 2021, more than 50% of the revenue from export sales is from Argentina, South Korea, Brazil and Turkey. The export sales on this scale is possible due to our global distribution network. As on September 30, 2021, we had more than 295 distributors in more than 37 countries including India. Such a global distribution network is instrumental in an effective supply-chain management as well minimizes risks that may emanate from any geographical concentration.

Industry growth drivers

India's per-capita consumption of fibre is lower than the world average: India's per-capita consumption of fibre is 5.5 kg, which is half of the world average of 11 kg. Developed regions such as North America, Australia and Japan consume fibre upwards of 20 kg per capita, whereas nations like China and Turkey consume 14-15 kg fibre per capita. Similarly, India consumes only 3.1 kg Man-Made Fiber ("**MMF**") per capita as against the world average of 7.7 kg per capita. India has a competitive advantage over major countries like China in terms of labour, power and water costs. India leads in terms of water cost, which is used in every stage of textile production starting from cotton cultivation in case of cotton textiles, to major manufacturing processes. (***Source:*** *CRISIL Report*)

Increase in urban population in Indian sub-continent by 2030: Share of urban population in India's total population increased from 18% in the 1960s to 31% in 2010. Going forward, as per a United Nations report, this trend is expected to continue, with urban population occupying a share of 40% by 2030. This growth in urban population would aid growth of the textiles industry due to change in consumer behaviour to look better as a result of higher income. (***Source:*** *CRISIL Report*)

Shift in demand towards MMF and technical textiles to drive demand: Global textiles industry is experiencing a shift from cotton to MMF and technical textiles. This can be reflected in MMF, occupying a share of 70% in global RMG trade in 2019. Indian textiles industry has started adopting this tactical shift in the industry. In order to support the change, the Government of India has introduced various schemes and policies for these segments such as the PLI scheme, National Technical Textiles Mission ("**NTTM**") and Mega investment textile parks scheme ("**MITRA**"). These initiatives would help bring in investments into the segments, in turn boosting the domestic and export scenario of India as well as enhancing employment opportunities. (***Source:*** *CRISIL Report*)

Rise in discretionary spending: Over the years, the discretionary spending share has seen an increase from 53.4% in fiscal 2012 to 59.6% in fiscal 2020. This increased spending on discretionary items is a reflection of rising disposable income of households. This combined with increasing young population, would boost the growth of textiles demand in India. (***Source:*** *CRISIL Report*)

Increasing trend in online retail

In recent times, low ticket size, deep discounts, availability of a wider product range, and shopping festivals have led to significant online sales. This in conjunction with increase in internet penetration in India from 29% in fiscal 2015 to an estimated 66% in fiscal 2021, has aided growth in the online retail segment. Going forward, with changing lifestyles coupled with increased access to the internet among the general population, would pave the way for convenient and hassle-free online shopping experience. (***Source:*** *CRISIL Report*)

China + 1 strategy to aid India in long term: In the textiles segment, global brands and retailers have started expanding their manufacturing horizon outside of China. India stands out to be attractive option in terms of labour costs, ease of doing business and skilled workforce. This in conjunction with incentives provided by the Government of India, such as the PLI scheme where in Government of India is providing incentives for greenfield and brownfield capacity expansion for both MMF and technical textile segments to propel exports, would prove attractive for foreign players in their path for diversification. (***Source:*** *CRISIL Report*)

Health and safety

Our manufacturing activities are subject to a number of laws and regulations, including, regulations on technical safety and environment protection, including, restrictions on air and noise pollution, discharge of effluents and other occupational health and safety regulations.

We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted safety, health and environment policies and procedures that are aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working at our manufacturing facility or under our management. Our facility is ISO 9001:2015, ISO 14001:45001 and ISO 18001:2007 certified and is also Standard 100 certified by OEKO-TEX. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees. We also believe that all our manufacturing facility possess adequate effluent treatment processes and minimize any contamination of the surrounding environment or pollution.

Intellectual property

We have obtained trademark registrations in India for "*Sanathan*" and "BORN DYED" under Class 23 (YARN) of the Trademark Rules, 2002. We have also applied for certain trademarks which are pending approval. For further details, see "*Government and other approvals*" on page 330.

Employees and Human Resources

We believe our employees and personnel are one of our most important assets and critical to maintaining our competitive position in our industry.

As of September 30, 2021, we had 1,417 employees, as set forth below, by function:

Function	Employees
Production	520
Plant maintenance and support	397
Sales, supply chain	305
Others (support functions)	195
Total	**1,417**

As on September 30, 2021, we employed 2,946 contract labourers. Our human resource policies focus on recruiting qualified and talented personnel, whom we believe integrate well with our current workforce. We develop and train our employees in order to facilitate the growth of our operations and have instituted programmes for the employees which aid in their personal development and enhances their productivity. We conduct regular events to recognize and award employees based on performance and the impact they have made, irrespective of their designation, department or location.

Competition

We have competitors that range from small companies / MSMEs to large multi-national companies, as has been described below: (***Source:*** *CRISIL Report*)

Business vertical	Key Competitors
Polyester yarn	Wellknown Polyesters Limited, Bhilosa Industries Private Limited, Filatex India Limited, Indo Rama Synthetics (India) Limited
Cotton yarn	K.P.R. Mills Limited, Ambica Cotton Mills Limited, Vardhman Yarns and Threads Limited, Nitin Spinners Limited, Nahar Spinning Mills Limited
Industrial and technical textiles yarns	Garware Technical Fibres Limited and SRF Limited

Insurance

Our operations are subject to risks inherent to manufacturing operations, which include defects, liability for product and/or property damage, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents, personal injury or death, environmental pollution and natural disasters. We may also be subject to product liability claims if the products that we manufacture are not in terms of our contractual arrangements. Our principal types of insurance coverage include a fire industrial all risk insurance policy with respect to our manufacturing facility, insurance policies for our workmen, fire and special peril policies for the stock in our unit and godowns as well as a public liability policy. We believe that our insurance coverage is consistent with industry standards. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See "*Risk Factors – An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.*" on page 50.

Corporate Social Responsibility

We have constituted a corporate and social responsibility committee and have adopted and implemented a CSR Policy pursuant to which we carry out CSR activities. These CSR activities involves spending in Surangi and adjoining villages for the purpose of fighting the COVID-19 pandemic, school and anganwadi development, fighting hunger and malnutrition, environment conservation, etc.

Property

Our Registered Office, which is located at SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230, India, our Corporate Office which is located at D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai, Maharashtra – 400013, India and our facility at Silvassa are owned by us.

We also lease four offices at Surat, Kolkata, Panipat and Tirupur. Typically, the term of our leases ranges from eleven months to three years, and we are required to pay security deposits, specified monthly rentals and common area maintenance charges for the duration of the relevant agreement, subject to periodic adjustments at agreed rates.

KEY REGULATIONS AND POLICIES

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

Our Company is engaged in the production and export of Polyester, Technical Textile and Cotton Yarn. Under the provisions of various Central Government and State Government statutes and legislations, our Company is required to obtain and regularly renew certain licenses or registrations and to seek statutory permissions to conduct our business and operations in India. For information regarding regulatory approvals required by our Company, see "Government and Other Approvals" on page 330.

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

Key Legislations Applicable to Our Business

The Textiles Committee Act, 1963

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

Textile Development and Regulation Order, 2001 ("Textile Order")

The Central Government in exercise of the powers conferred upon it under section 3 of the Essential Commodities Act, 1955 and in supersession of the Textile (Development and Regulation) Order, 1993 brought in force the Textile Order. Under the Textile Order every manufacturer of textiles, textile machinery and every person dealing with textiles is required to maintain books of accounts, data and other records relating to the business in the matter of production, processing, import, export, supply, distribution, sale, consumption etc. and shall furnish such returns or information in respect to the business as and when required by the Textile Commissioner. The Textile Order confers upon the Textile Commissioner powers to issue directions by notification with the prior approval of Central Government to any manufacturer regarding the specification or class of textiles which shall not be manufactured, dyes and chemicals which shall not be used in the manufacture of textile, maximum and minimum quantity of textiles which shall be manufactured, maximum ex-factory or wholesale or retail price at which textiles shall be sold, markings to be made on textiles by manufacturers and the time and manner of such markings and direct the officer in charge of any laboratory to carry out or cause to be carried out such tests relating to any textiles as may be specified by the Textile Commissioner.

Amended Technology Up-Gradation Fund Scheme (ATUFS)

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

Export Promotion Capital Goods Scheme ("EPCG Scheme")

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

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

National Textile Policy, 2000

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

Salient objective of NTP is as follows –

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

Production-Linked Incentive Scheme in Textiles Products

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

Legal Metrology Act, 2009 ("LM Act")

The LM Act has replaced the Standards of Weights and Measures Act, 1976 and the Standards of Weight & Measurement (Enforcement) Act, 1985. It seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure, or number. The LM Act and rules framed thereunder regulate, *inter alia,* the labelling and packaging of commodities, verification of weights and measures used, and lists penalties for offences and compounding of offences under it. The Controller of Legal Metrology Department is the competent authority to grant the licence under the LM Act. Any manufacturer dealing with instruments for weights and measuring of goods must procure a license from the state department under the LM Act. Any non-compliance or violation under the LM Act may result in, *inter alia,* a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Petroleum Act, 1934 ("Petroleum Act") and Petroleum Rules, 2002

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

The Boilers Act, 1923 ("Boilers Act")

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

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

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

Goa, Daman and Diu Fire Force Act, 1986

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

Shops and establishments legislations

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

Indian Contract Act, 1872

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

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

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

Legislations relating to sale of goods

The Sale of Goods Act, 1930 (the "Sale of Goods Act")

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

Environmental Legislations

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

Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

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

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

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

Plastic Waste Management Rules, 2016

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

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

The Chemical Accidents Rules, formulated pursuant to the provisions of the EPA, seek to manage the occurrence of chemical accidents, by inter alia, setting up a central crisis group and a crisis alert system. The functions of the central crisis group inter alia include, (i) conducting post-accident analysis of major chemical accidents; (ii) rendering infrastructural help in the event of a chemical accident; and (iii) review district off site emergency plans

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

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

Laws relating to various Municipal Corporations

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

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

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

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

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

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

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

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

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

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

Labour law legislations

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

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

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

The Factories Act provides that an occupier of a factory i.e. the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors must ensure the health, safety and welfare of all workers. There is a prohibition on employing children below the age of fourteen years in a factory. The occupier and the manager of a factory may be punished in accordance with the Factories Act for different offences in case of contravention of any provision thereof and in case of a continuing contravention after conviction, an additional fine for each day of contravention may be levied.

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

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

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

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

Payment of Bonus Act, 1965

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

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

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

The provisions of the Gratuity Act are applicable in consonance with the Payment of Bonus (Amendment) Act, 2015, which increased the wage threshold for determining applicability of the Act from ₹10,000 to ₹21,000 per month. Additionally, the wage ceiling for calculation of bonus was increased from ₹3,500 to ₹7,000 per month.

Maternity Benefit Act, 1961 (the "Maternity Act")

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

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

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

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

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

The CLRA is applicable to every establishment in which twenty or more workmen are employed or were employed on any day of the preceding twelve months as contract labour, and to every contractor who employees or who employed on any day of the preceding twelve months twenty or more workmen. Under the CLRA, a 'principal employer' is defined to include (in the case of establishments other than factories, mines, or Government offices/ departments) as any person responsible for the supervision and control of the establishment. The CLRA provides for, *inter alia* registration of establishments employing contract labour, licensing of contractors as well as circumstances in which such licenses can be revoked, as well as provisions in relation to welfare and health of contract labour. Under the CLRA, if any amenity is not provided by the relevant contractor to the contract labour in accordance with the provisions of the Act, such amenity is required to be provided by the principal employer. The Central Government or the relevant State Government is empowered to frame rules for carrying out the various provisions of the CLRA.

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

The Code on Wages, 2019 (the "Wage Code")

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

The Occupational Safety, Health and Working Conditions Code, 2020

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

The Industrial Relations Code, 2020

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

The Code on Social Security, 2020 ("Social Security Code")

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

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

Other Labour law legislations:

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

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

Intellectual Property Laws

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

Copyright Act, 1957 and the rules thereunder

The Copyright Act, 1957, along with the Copyright Rules, 1958, (collectively, “**Copyright Laws**”) serve to create property rights for certain kinds of intellectual property, generally called works of authorship. The Copyright Laws protect the legal rights of the creator of an ‘original work’ by preventing others from reproducing the work in any other way. The intellectual property protected under the Copyright Laws includes literary works, dramatic works, musical works, artistic works, cinematography, and sound recordings. The Copyright Laws prescribe fine, imprisonment or both for violations, with enhanced penalty on second or subsequent convictions. While copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration constitutes prima facie evidence of the particulars entered therein and may expedite infringement proceedings and reduce delay caused due to evidentiary considerations. Upon registration, the copyright protection for a work exists for a period of 60 years following the demise of the author. Reproduction of a copyrighted work for sale or hire, issuing of copies to the public, performance or exhibition in public, making a translation of the work, making an adaptation of the work and making a cinematograph film of the work without consent of the owner of the copyright are all acts which expressly amount to an infringement of copyright.

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

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

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

The Trademarks Act, 1999 ("Trademarks Act")

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

Design Act, 2000

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

Foreign Investment and Trade Related Laws

Laws governing foreign investments

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

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

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

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

Overseas Direct Investment ("ODI")

In terms of the Master Direction No. 15/2015-16 on "Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary Abroad" issued by the RBI, dated January 1, 2016, an Indian entity is permitted to make ODI under the automatic route up to limits prescribed by the RBI, which currently should not exceed 400% of its net worth as per its last audited balance sheet. ODI can be made by investing in either joint ventures or wholly owned subsidiaries outside India. Any financial commitment exceeding USD one billion (or its equivalent) in a financial year would require prior approval of the RBI. For making any investment or undertaking any financial commitment in an overseas JV or a WOS, the Indian entity should make an application in Form ODI with the prescribed enclosures and documents with an authorized dealer bank.

Laws relating to taxation

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

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

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated, as 'Sanathan Textiles Private Limited' under the Companies Act, 1956 pursuant to a certificate of incorporation dated October 10, 2005, issued by the Registrar of Companies, West Bengal at Kolkata. Subsequently, our Company was converted into a public limited company and pursuant to a resolution of our shareholders dated November 12, 2021, the name of our Company was changed to 'Sanathan Textiles Limited' and a fresh certificate of incorporation was issued by the Registrar of Companies, Gujarat at Ahmedabad on November 18, 2021.

The Registered Office of our Company is located at SRV NO. 187/4/1/2, near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa- 396230, India and the Corporate Office of our Company is located at D-15, Trade World Building, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400013, Maharashtra, India.

Changes in our Registered Office

Effective date of change	Details of Change	Reason(s) for change
June 3, 2021	The registered office of our Company was changed from Padma Apartment, Flat 1C, 1st Floor, 16A, Pran Nath Pandit Street, Kolkata West Bengal 700025 to SRV NO. 187/4/1/2, near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa- 396230	Operational Convenience
December 1, 2020	The registered office of our Company was changed from 192, Jamunlal Bajaj Street, Kolkata, 700007 to Padma Apartment, Flat 1C, 1st Floor, 16A, Pran Nath Pandit Street, Kolkata West Bengal 700025.	Operational Convenience

Main objects of our Company

The main objects contained in the Memorandum of Association of our Company are as mentioned below:

Clause	Particulars
III (A) (1)	To acquire and takeover by way of conversion or any other mode the existing partnership firm M/s Sanathan Texturisers of 192, Jamunlal Bajaj Street, Kolkata, 700007 as a going concern along with all assets and liabilities including goodwill, furniture & fixtures and other. Fixed assets, stock in trade, investments, executed and unexecuted contracts and all interests therein including various rights, benefits, patent, licenses, awards, pending contracts and security deposits, concessions, trademarks, claims, compensations, registrations with various authorities of the central and state government and privileges required or possessed by them and business used in connection thereof and belonging thereto with or without such modifications as may be decided upon and to carry on the business of the same and with a view thereto enter into an agreement and pay for consideration of takeover in cash or by issue of fully or partly paid up shares including premiums if any or partly in paid up shares and partly in cash.
III (A) (2)	To carry on in India or elsewhere the business of manufacturing, processing, producing, washing. dyeing ginning, pressing, spinning, weaving, krimping, texturising, carding, bleaching, combing, doubling, finishing, calendaring, sizing, colouring, printing, mercerizing, reeling, winding, throwing, embroidering, blending, sorting, garnetting, stretching, drying, drawing, cutting, improving, buying, setting, reselling, importing, exporting, transporting, string, fabrication, developing, marketing, or suppling and to act as broker, trader, agent C & F agent, distributor, representative, consultant, collaborator, adatia, stockists, liasoner , jobworker, export house or otherwise to deal in all types of textiles goods, dress materials, fabrics, cloths, yarns, such as nets, matting, hosiery, plastic cloths, water proof fabrics, pavliners, americal cloths. Imitation leather and rubber cloths, tents, durries, newar, ropes, rugs, carpets, carpet backing gloves, laces, terry fabrics, velvet, georgette, gabardine, pashminas, floor cloths, twid, patto, canvas, khaddar, denim, stone wash, suitings, shirting, sarees and other similar items made on powerloom, handloom or mill by man-made or natural materials like cotton, flax, hemp, linen, wool, nylon, viscose, ramie, polyester. Silk, artsilk, rayon, jute, staple. Fibres, cashmilon. Filaments, terecotton, monofilaments, multifilaments, acrylics, polynostic polypropeine, polymide, polymethine, cellulose, dropping, spun or other fibrous substances or any combination thereof available at present and as may be invented in future.

The main objects, as contained in our MoA, enable our Company to carry on the businesses presently being carried out.

Amendments to our Memorandum of Association in the last 10 years

The following changes have been made to our Memorandum of Association in the last 10 years:

Date of Shareholders' resolution	Particulars
November 12, 2021	Clause I of the MoA was amended to reflect the change in the name of our Company from Sanathan Textiles Private Limited to Sanathan Textiles Limited, pursuant to the conversion of our Company into a public limited company.
November 12, 2021	Clause V of the MoA was amended to reflect the increase in the authorized share capital of our Company. The authorized share capital of our Company was increased from 750,000,000 divided into 75,000,000 equity shares of ₹10 each to ₹ 900,000,000 divided into 90,000,000 equity shares of ₹10 each.
June 3, 2021	Clause II of the MoA was amended to reflect the change in the registered office of the Company from the State of West Bengal to the Union Territory of Dadra & Nagar Haveli and Daman and Diu.
February 2, 2019	Clause V of the MoA was amended to reflect the increase in the authorized share capital of our Company. The authorized share capital of our Company was increased from ₹ 120,000,000 divided into 12,000,000 equity shares of ₹10 each to ₹ 750,000,000 divided into 75,000,000 equity shares of ₹10 each.

Major events and milestones

The table below sets forth some of the major events and milestones in our history:

Calendar year	Major events and milestones
2020	More than doubled the capacity of cotton yarn manufacturing from 6,200 MTPA in the year 2019 to 14,000 MTPA
2019	Installed manufacturing capacity of polyester yarn reached capacity of 200,750 MTPA, almost doubled from 92,950 MTPA in the year 2014 by gradual expansion.
2018	Setting-up of plant for manufacturing of yarns for industrial and technical textile with a capacity of 5,475 MTPA.
2017	Undertook an expansion of value-added product basket and installation of upgraded machinery for polyester and cotton yarn of partially oriented yarn and fully oriented yarn.
2015	Undertook expansion for increasing the manufacturing capacities of cotton yarn from 3,500 MTPA to 6,200 MTPA.
2014	Undertook expansion for almost doubling the manufacturing capacity of polyester yarn from 46,500 MTPA to 92,950 MTPA.
2013	Setting up of a fully integrated plant for polyester yarn and achieved the installed manufacturing capacity of 46,500 MTPA tripled from 13,550 MTPA in the year 2008 by gradual expansion.
2011	Undertook expansion for doubling the manufacturing capacities of cotton yarn from 1,500 MTPA to 3,500 MTPA.
2008	Achieved installed manufacturing capacity of polyester yarn at 13,550 MTPA, tripled from 4,500 MTPA in the year 2004 by gradual expansion.
2007	Our Company commenced cotton yarn manufacturing at our facility located at Silvassa with a capacity of 1,500 MTPA.
2006	Company took over the business of manufacturing polyester yarn from Sanathan Texturisers with capacity of 4,500 MTPA

Key awards, accreditations or recognitions

The table below sets forth some of the awards, accreditations or recognitions received by us:

Calendar year	Particulars
2021	Management system of the Company was registered by Intertrek as conforming to the requirements of International Organisation for Standardization (ISO) standards.
2021	Our Company was granted authorisation to use the STANDARD 100 by OEKO – TEX® mark.
2015	Our Company was accorded the status of Two Star Export House by the Ministry of Commerce & Industry in accordance with the provisions of the Foreign Trade Policy 2015-2020.
2010	Certificate of Merit presented to our Company by The Synthetic & Rayon Textiles Export Promotion Council for achieving 100% growth in Export Performance

Our holding company

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

Our subsidiaries and joint ventures

As on the date of this Draft Red Herring Prospectus, our Company has two subsidiaries, namely, Universal Texturisers Private Limited and Sanathan Polycot Private Limited. For details with respect to our Subsidiaries, see "*Our Subsidiaries*" on page 195. As on the date of this Draft Red Herring Prospectus, our Company does not have any joint venture.

Time and cost overrun in setting up projects by our Company

As on the date of this Draft Red Herring Prospectus, our Company has not experienced any time or cost overruns in setting up any projects.

Defaults or rescheduling/restructuring of borrowings with financial institutions/banks

i. As per the Reserve Bank of India Circular No. RBI/2019-20/186 dated March 27, 2020, and Circular No. RBI/2019-20/244, dated May 23, 2020, our Company availed the moratoriums in relation to the payment of principal amounts and interest for the period from March 1, 2020 to August 31, 2020 in respect of term loans availed from Bank of Baroda and Union Bank of India.

ii. Payment deferral of the repayment of instalments with Lansdesbank Baden-Wurttemberg due on August, 2020, and February, 2021, in light of the COVID-19 crisis and the expected negative impact on our business.

For details in relation to security provided by our Company for securing the loan and financial implication on our Company for the default of loans, please see "*Financial Indebtedness*" beginning on page 323, and the *"Financial Information"* beginning on page 230.

Launch of key products or services, entry into new geographies or exit from existing markets, capacity/facility creation or location of plants

For the details of key products or services launched by our Company, entry into new geographies or exit from existing markets, capacity/facility creation, location of our manufacturing facility, see "*Our Business*" on page 166.

Details regarding material acquisitions or divestments of business/undertakings, mergers, amalgamation for the last 10 years

Except as disclosed below, our Company has not acquired any material business or undertaken any mergers or amalgamations or divestments of business or undertaking since its incorporation.

Transfer of Equity Shares of Universal Texturisers Private Limited to our Company

Our Company acquired 49,98,499 Equity Shares of Universal Texturisers Private Limited held by Pareshkumar Dattani, Dineshkumar Dattani, Ajaykumar Dattani, Geeta Dattani, Jayshree Dattani, Sammir Dattani, Vallabhdas Dattani HUF, Sonali Dattani, Vajubhai Investments Private Limited, Pareshkumar V Dattani HUF and Beena Dattani for total consideration of ₹ 135.00 million on September 26, 2021.

Agreement for Succession of Partnership Firm dated March 20, 2006 ("Agreement") and Deed of Succession of Partnership Firm dated April 1, 2006 ("Deed of Succession")

Our Company entered into an agreement and deed of succession with Sanathan Texturisers represented by Pareshkumar Dattani, Ajaykumar Dattani, Dineshkumar Dattani and Anilkumar Dattani to succeed its business as a going concern, with effect from April 1, 2006. In terms of this Agreement, Sanathan Texturisers agreed to transfer all its assets, liabilities, existing rights, obligations, and contractual activities to our Company. As consideration for the same, 1,128,100 equity shares were allotted to Ajaykumar Dattani, 876,300 equity shares to Anilkumar Dattani, 1,184,200 equity shares to Dineshkumar Dattani and 1,186,400 equity shares to Pareshkumar Dattani respectively, at ₹10 each at a premium of ₹ 40 per share aggregating to 4,375,000 equity shares in our Company amounting to total consideration of ₹ 218.75 million. For the details in relation to the above allotment made by our Company, see "*Capital Structure*" on page 77.

Revaluation of assets in the last 10 years

Our Company has not undertaken any revaluation of assets in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Financial and/or strategic partners

Our Company does not have any financial and / or strategic partners as of the date of this Draft Red Herring Prospectus.

Details of shareholders' agreements

Our Company does not have any subsisting shareholders' agreements among our Shareholders *vis-à-vis* our Company.

Other agreements

Our Company has not entered into any other subsisting material agreement, other than in the ordinary course of business. Further, none of our Promoters, Key Managerial Personnel, Directors or employees have entered into any agreement, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Details of guarantees given to third parties by the Promoter Selling Shareholders

The Promoter Selling Shareholders, have provided personal guarantees by executing a Joint Deed of Guarantee dated July 13, 2021 ("**Guarantee**") in relation to the Fourth Supplemental Working Capital Consortium Agreement dated September 23, 2019 to the Working Capital Consortium Agreement dated January 10, 2013 ("**Working Capital Consortium Agreement**") and Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019 to the Term Loan Agreement dated January 10, 2013 ("**Term Loan Agreement**") in respect of the facilities extended by the Bank of Baroda and Union Bank of India ("Bank of Baroda Consortium" or "Lender") to our Company, amounting to ₹ 10,992.40 million. The Guarantee provided is continuing one for all facilities extended by the Lender which are due and remain unpaid. The obligation on our Company is to repay the debt obligation to the Lender. In terms of the Guarantee, in case of default, the Promoter Selling Shareholders are obligated to pay the lenders the whole of the amounts or other monies that are due, and also indemnify the Lender against any losses that may be incurred by reason of the default. For details of security given in terms of the facilities extended by the Lender, see "*Financial Indebtedness*" on page 323.

Except as disclosed above and in the chapter and "*Our Promoters and Promoter Group*" on page 220, the Promoter Selling Shareholders have not provided any guarantees to third parties with respect to the Company and its Subsidiaries.

OUR SUBSIDIARIES

As on the date of this Draft Red Herring Prospectus, our Company has two subsidiaries.

1. Universal Texturisers Private Limited; and
2. Sanathan Polycot Private Limited.

Set out below are the details of these Subsidiaries:

1. Universal Texturisers Private Limited

Universal Texturisers Private Limited was incorporated as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated March 31, 2006, issued by the Registrar of Companies, West Bengal, and its CIN is U17299WB2006PTC108821. Its registered office is currently located at Padma Apartment, Flat 1C, 1st Floor, P16A, Pran Nath Pandit Street, Kolkata West Bengal 700025 India, which is sought to be changed to SRV NO. 187/4/1/2, Near Surangi Bridge Surangi, Dadra & Nagar Haveli Silvassa- 396230, India, for which the requisite formalities are in process. Our Company acquired 49,98,499 Equity Shares of Universal Texturisers Private Limited held by Pareshkumar Dattani, Dineshkumar Dattani, Ajaykumar Dattani, Geeta Dattani, Jayshree Dattani, Sammir Dattani, Vallabhdas Dattani HUF, Sonali Dattani, Vajubhai Investments Private Limited, Pareshkumar V Dattani HUF and Beena Dattani for total consideration of Rs 135.00 million on September 26, 2021.

Nature of Business

Universal Texturisers Private Limited is incorporated to carry on the business of manufacture of polyester, texturized and cotton yarn and related textile products.

Capital Structure

The details of the capital structure of Universal Texturisers are as follows:

Particulars	Aggregate Nominal Value (₹ in million)
Authorised share capital	
5,000,000 equity shares of ₹10 each	50.00
Issued, subscribed and paid-up capital	
4,998,500 equity shares of ₹10 each.	49.99

Shareholding of Universal Texturisers

The shareholding pattern of Universal Texturisers is as follows:

Name of the Shareholder	Number of equity shares held	Percentage of the total shareholding (%)
Sanathan Textiles Limited	49,98,499	100.00%
Pareshkumar Dattani*	1	negligible
Total	**49,98,500**	**100.00**

**Nominee of Sanathan Textiles Limited*

2. Sanathan Polycot Private Limited ("Sanathan Polycot")

Sanathan Polycot a wholly owned subsidiary of our Company was incorporated as a private limited company under the Companies Act, 2013, pursuant to a certificate of incorporation dated April 2, 2021, issued by the Registrar of Companies, Central Registration Centre. Its CIN is U17309DN2021PTC005662 and its registered office is situated at SRV NO. 187/4/1/2, near Surangi Bridge Surangi, Dadra & Nagar Haveli Silvassa- 396240 Gujarat, India.

Nature of Business

Sanathan Polycott is yet to start its operations and is incorporated to carry on the business of manufacture of polyester, texturized and cotton yarn and related textile products.

Capital Structure

The details of the capital structure of Sanathan Polycot are as follows:

Particulars	Aggregate Nominal Value (₹ in million)
Authorised share capital	
9,900,000 equity share of ₹10 each	99.00
Issued, subscribed and paid-up capital	
9,900,000 equity share of ₹10 each	99.00

Shareholding of Sanathan Polycot

The shareholding pattern of Sanathan Polycot is as follows:

Name of the Shareholder	Number of equity shares held	Percentage of the total shareholding (%)
Sanathan Textiles Limited	98,99,999	100%
Pareshkumar Dattani*	1	negligible
Total	99,00,000	**100.00**

**Nominee of Sanathan Textiles Limited*

Other confirmations

There are no accumulated profits or losses of any of our Subsidiaries, which are not accounted for by the Company.

Listing

None of our Subsidiaries are listed on any stock exchange in India or abroad, nor have any of the securities of our Subsidiaries been refused listing by any stock exchange in India or abroad, or failed to meet the listing requirements of any stock exchange in India or abroad.

Business interests of our Subsidiaries in the Company

Our Subsidiaries do not have any interest in our Company's business, other than as stated in "*Our Business*", "*History and Other Corporate Matters*" and "*Financial Information*", on pages 166, 191 and 230, respectively.

Common pursuits

Based on the business activities undertaken by our Subsidiaries, there are certain common pursuits amongst our Subsidiaries and our Company. Our Company, Universal Texturisers Private Limited and Sanathan Polycott are in the business of, amongst other things, dealing with textile goods.

However, our Subsidiaries do not compete with our Company and, accordingly, there is no conflict of interest between our Company and our Subsidiaries. Further, our Company and our Subsidiaries will adopt the necessary procedures and practices, as permitted by law, to address any conflict situation as and when they arise.

OUR MANAGEMENT

In terms of the Companies Act and the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors, provided that our Company may appoint more than 15 Directors upon passing a special resolution to that effect in a general meeting.

As on the date of this Draft Red Herring Prospectus, our Board comprises eight Directors, including our Chairman and Managing Director, our Joint Managing Director, two Executive Directors and four Non-Executive Independent Directors (one of whom is a woman).

The following table sets forth the details of our Board as of the date of this Draft Red Herring Prospectus:

Sr. No.	Name, designation, date of birth, address, occupation, nationality, current term, period of directorship and DIN	Age (years)	Other directorships
1.	**Pareshkumar Dattani** ***Designation***: Chairman & Managing Director ***Date of Birth***: July 24, 1960 ***Address*****:** 9C, Ridge Apartment, Ridge Road, Opposite Sahyadry Guest House Malabar Hill, Mumbai, Maharashtra - 400006 ***Occupation*****:** Business ***Current term***: Five years with effect from December 1, 2021 to November 30, 2026. ***Period of Directorship***: Since incorporation, *i.e.*, October 10, 2005 ***Nationality***: Indian ***DIN***: 00163591	61	**Indian Companies:** Private Companies: 1. Sanathan Polycot Private Limited; 2. Vajubhai Investments Private Limited; and 3. Universal Texturisers Private Limited. Public Companies: Nil Companies limited by guarantee 1. Association of Synthetic Fibre Industry. **Foreign Companies:** Nil
2.	**Ajaykumar Dattani** ***Designation***: Joint Managing Director ***Date of Birth***: July 23, 1967 ***Address*****:** 3C, 3rd Floor, Plot no. 70, Lalit Kunj, Sir Pochkanwala Road, Off Worli Sea Face, Worli, Mumbai, Mumbai City, Maharashtra - 400030 ***Occupation*****:** Business ***Current term***: Five years with effect from December 1, 2021 to November 30, 2026 and liable to retire by rotation ***Period of Directorship***: Since incorporation, *i.e.*, October 10, 2005 ***Nationality***: Indian ***DIN***: 00163739	54	**Indian Companies:** Private Companies: 1. Universal Texturisers Private Limited; 2. Sanathan Polycot Private Limited; and 3. Vajubhai Investments Private Limited. Public Companies: Nil Companies limited by guarantee Nil **Foreign Companies:** Nil
3.	**Anilkumar Dattani** ***Designation***: Executive Director ***Date of Birth***: April 20, 1958	63	**Indian Companies:** Private Companies: 1. Vajubhai Investments Private Limited.

Sr. No.	Name, designation, date of birth, address, occupation, nationality, current term, period of directorship and DIN	Age (years)	Other directorships
	Address**:** 33 Sadhna, 5th Floor, Navroji Gamadia Road, Off Peddar Road, Cumballa Hill, Mumbai, Maharashtra - 400026 ***Occupation*****:** Business ***Current term***: Five years with effect from December 1, 2021 to November 30, 2026 and liable to retire by rotation ***Period of Directorship***: Since incorporation, *i.e.*, October 10, 2005 ***Nationality***: Indian ***DIN***: 00164175		<u>Public Companies:</u> Nil <u>Companies limited by guarantee</u> Nil **<u>Foreign Companies:</u>** Nil
4.	**Sammir Dattani** ***Designation***: Executive Director ***Date of Birth***: January 27, 1982 ***Address*****:** Flat no. 15, Bhaveshwar Sagar Building, 20 Nepean Sea road, Mumbai, Maharashtra - 400036 ***Occupation*****:** Business ***Current term***: Five years with effect from December 1, 2021 to November 30, 2026 and liable to retire by rotation ***Period of Directorship***: Since January 2, 2015 ***Nationality***: Indian ***DIN***: 07060573	39	**<u>Indian Companies:</u>** <u>Private Companies:</u> Nil <u>Public Companies:</u> Nil <u>Companies limited by guarantee</u> Nil **<u>Foreign Companies:</u>** Nil
5.	**Debabrata Sarkar** ***Designation***: Independent Director ***Date of Birth***: November 3, 1953 ***Address*****:** Mayfair Boulevard, Narayan Apartments, Flat no. 701, Main Avenue Road, Mumbai - 400054 ***Occupation*****:** Professional ***Current term***: Five years with effect from November 22, 2021 ***Period of Directorship***: Since November 22, 2021 ***Nationality***: Indian ***DIN***: 02502618	68	**<u>Indian Companies:</u>** <u>Private Companies:</u> 1. Inceptum Advisors Private Limited; 2. Learning Curve Edutech Solutions Private Limited; and 3. Mylead Fintech Private Limited. <u>Public Companies:</u> 1. Aditya Birla Sunlife Life Insurance Co. Limited; 2. BOI Merchant Bankers Limited; 3. Easy Home Finance Limited; 4. Emami Limited; 5. GOCL Corporation Limited; 6. Hinduja Leyland Finance Limited; 7. IDL Explosives Limited; and 8. Vistra-ITCL (India) Limited. <u>Companies limited by guarantee</u> Nil

Sr. No.	Name, designation, date of birth, address, occupation, nationality, current term, period of directorship and DIN	Age (years)	Other directorships
			<u>Foreign Companies:</u> Nil
6.	**Khurshed Thanawalla** ***Designation***: Independent Director ***Date of Birth***: December 24, 1942 ***Address*****:** Building no. 6, Manav Mandir Road, Near Manav Mandir School, Mumbai City, Mumbai, Maharashtra - 400006 ***Occupation*****:** Consultant ***Current term***: Five years with effect from November 22, 2021 ***Period of Directorship***: Since November 22, 2021 ***Nationality***: Indian ***DIN***: 00201749	79	**<u>Indian Companies:</u>** <u>Private Companies:</u> 1. Hilti Manufacturing India Private Limited; 2. Capricorn Maritime Service Private Limited; 3. Saffron Shipping and Trading Private Limited; 4. Galaxy Ship Management Private Limited; 5. Nysa Marine Services Private Limited; 6. Pallas Gas Shipping Private Limited; 7. Nysa LPG Logistics Private Limited; 8. Pallas Gas Logistics Private Limited; 9. Pallas Gas Carriers Private Limited; 10. Behr Bircher Cellpack BBC India Private Limited; and 11. Ahura Holdings Private Limited. <u>Public Companies:</u> 1. Stovec Indutries Limited. <u>Companies limited by guarantee</u> Nil **<u>Foreign Companies:</u>** Nil
7.	**Vinay Aggarwal** ***Designation***: Independent Director ***Date of Birth***: August 20, 1952 ***Address*****:** 5A, Shyam Niwas, Flat no. 6, 51B, Desai Road, Mumbai - 400026 ***Occupation*****:** Consultant ***Current term***: Five years with effect from November 22, 2021 ***Period of Directorship***: Since November 22, 2021 ***Nationality***: Indian ***DIN***: 00030483	69	**<u>Indian Companies:</u>** <u>Private Companies:</u> Nil <u>Public Companies:</u> 1. Datamatics Global Services Limited <u>Companies limited by guarantee</u> Nil **<u>Foreign Companies:</u>** Nil
8.	**Bhumika Batra** ***Designation***: Independent Director ***Date of Birth***: August 11, 1981 ***Address*****:** 32, Mody Street, 3rd Floor, Fort, Mumbai - 400001 ***Occupation*****:** Professional	40	**<u>Indian Companies:</u>** <u>Private Companies:</u> 1. Behr Bircher Cellpack BBC India Private Limited; and 2. Oerlikon Textile India Private Limited. <u>Public Companies:</u>

Sr. No.	Name, designation, date of birth, address, occupation, nationality, current term, period of directorship and DIN	Age (years)	Other directorships
	Current term: Five years with effect from November 22, 2021 ***Period of Directorship***: Since November 22, 2021 ***Nationality***: Indian ***DIN***: 03502004		1. Repro India Limited; 2. Jyothy Labs limited; 3. Sharp India Limited; 4. Finolex Industries Limited; 5. NXT digital Limited; 6. Hinduja Global Solutions Limited; 7. Hinduja Housing Finance Limited; 8. Hinduja Leyland Finance Limited; 9. Hinduja Tech Limited; and 10. Axis Securities Limited. Companies limited by guarantee Nil **Foreign Companies:** 1. HGS International, Mauritius

Brief profiles of our Directors

Pareshkumar Dattani is the Chairman and Managing Director of our Company. He has been on the Board of our Company since October 10, 2005 and his key responsibilities in the Company include managing production, raw material and human resources. He holds a bachelor's degree in science from the University of Calcutta. For more details, please refer "*Risk Factors - Reliance has been placed on declarations furnished by Pareshkumar Dattani, our Promoter, for details of his profile included in this Draft Red Herring Prospectus*" on page 40. He has over 42 years of experience in the textile industry. He is also associated as a partner and is engaged in a business in co-partnership under the name and style of Ramniklal Nandlal Bros since July 25, 1978.

Ajaykumar Dattani is the Joint Managing Director of our Company. He has been on the Board of our Company since October 10, 2005 and is responsible for handling finance, production and legal areas in the Company. He has attended a bachelor's course in commerce (honors) at the University of Calcutta. He has over 16 years of experience in the textile industry.

Anilkumar Dattani is an Executive Director of our Company. He has been on the Board of our Company since October 10, 2005 and his responsibilities include corporate social responsibility and administration in the Company. He has attended a three years bachelor's course in commerce from the University of Bombay. He has over 42 years of experience in textile industry. He is also associated as a partner and is engaged in a business in co-partnership under the name and style of Ramniklal Nandlal Bros since July 25, 1978.

Sammir Dattani is an Executive Director of our Company. He has been associated with our Company since April 1, 2013 and has been on the Board of our Company since January 2, 2015 and his key responsibilities include marketing, product development, raw material (polyester) and information technology. He holds a bachelor's degree in commerce with the subject of business management (special) from the University of Mumbai. He has over 10 years of experience in textile industry. He was previously associated with Universal Texturisers Private Limited as a director.

Debabrata Sarkar is an Independent Director of our Company. He has been on the Board of our Company since November 22, 2021. He is a fellow member of 'The Institute of Chartered Accountants of India' and holds a master's degree in commerce from the University of Calcutta. He is also certified associate of the Indian Institute of Bankers. He was appointed in the officers' cadre as a chartered accountant at Bank of Baroda in 1982. He was an executive director of Allahabad Bank in 2011 and was appointed as the chairman and managing director of Union Bank of India with effect from April, 2012. Further, he was a non-executive chairman and nominee director of Union KBC Asset Management Co. Private Limited.

Khurshed Thanawalla is an Independent Director of our Company. He is appointed on the Board of our Company on November 22, 2021. He is a member of The Institute of Chartered Secretaries & Administrators, London and a fellow of the Chartered Management Institute, Corby, United Kingdom. He has over 36 years of experience across the spectrum of the textiles industry. He retired as Country Representative – India for Oerlikon

Group in 2016, and was serving as managing director till 2016, and as a chairman of Oerlikon Textile India Private Limited till 2021. He was also a chairman of Rotaries Screens of Asia (Pte) Ltd., Singapore.

Vinay Aggarwal is an Independent Director of our Company. He has been on the Board of our Company since November 22, 2021. He holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay and a master's degree in business administration from the Northeastern University, Boston, Massachusetts, USA. He has experience in finance and was previously associated with Tata Consultancy Services and also served as a director of finance for Tata Burroughs Limited, an Indian entity of Burroughs Corporation.

Bhumika Batra is an Independent Director of our Company. She has been on the Board of our Company since November 22, 2021. She holds a bachelor's degree in commerce from M.K.H.S Girls College, Devi Ahilya Vishwavidyalaya, Indore, and a bachelor's degree in law from Symbiosis Society's Law College, Symbiosis International Educational Centre, Pune. She has also completed an executive program in management from SC Johnson College of Business, Cornell University, USA. She has over 16 years of experience in corporate laws and matters related thereto. She is an associate partner with M/s. Crawford Bayley & Co., Advocates and Solicitors.

Relationship amongst our Directors

Except as disclosed below none of our other Directors are related to each other:

- Pareshkumar Dattani and Anilkumar Dattani are siblings.

Confirmations

None of our Directors is or was, during the last five years preceding the date of this Draft Red Herring Prospectus, a director of any listed company, which shares have been or were suspended from trading on the stock exchanges during their tenure as a director in such company.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person either to induce them to become or to help them qualify as a Director, or otherwise for services rendered by them or by the firm or company in which they are interested, in connection with the promotion or formation of our Company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during their tenure as a director in such company.

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed as a Director or member of senior management.

Service contracts with Directors

Our Company has not entered any service contracts with the Directors.

Terms of appointment of Executive Directors

a) Pareshkumar Dattani:

Pareshkumar Dattani was appointed as a Director with effect from October 10, 2005 and the salaries and wages accrued were ₹ 38.03 million by our Company in Financial Year 2021. He was appointed as Chairman and Managing Director for five years with effect from December 1, 2021, pursuant to a Board resolution dated November 22, 2021 and a Shareholders' resolution dated November 25, 2021. The details of the remuneration payable for the abovementioned period are as follows:

Salary (inclusive of bonus, house rent allowance, leave salary, conveyance allowance, etc.)	₹ 40 million per annum

Other Benefits (including variable pay)	• Increment on a yearly basis for an amount not exceeding 10% of current cost to company; and • Subject to recommendation of Nomination and Remuneration Committee and approval of the Board, profit based commission of up to 1.25% of the net profits of audited financial statement.

b) Ajaykumar Dattani

Ajaykumar Dattani was appointed as a Director with effect from October 10, 2005 and the salaries and wages accrued were ₹ 45.03 million by our Company in Financial Year 2021. He was appointed as the Joint Managing Director for five years with effect from December 1, 2021, pursuant to a Board resolution dated November 22, 2021 and a Shareholders' resolution dated November 25, 2021. The details of the remuneration payable for the abovementioned period are as follows:

Salary (inclusive of bonus, house rent allowance, leave salary, conveyance allowance, etc.)	₹ 40 million per annum
Other Benefits (including variable pay)	• Increment on a yearly basis for an amount not exceeding 10% of current cost to company; and • Subject to recommendation of Nomination and Remuneration Committee and approval of the Board, profit based commission of 1.25% of the net profits of audited financial statement.

c) Anilkumar Dattani

Anilkumar Dattani was appointed as a Director with effect from October 10, 2005 and the salaries and wages accrued were ₹ 65.03 million by our Company in Financial Year 2021. He was appointed as an Executive Director for five years with effect from December 1, 2021, pursuant to a Board resolution dated November 22, 2021 and a Shareholders' resolution dated November 25, 2021. The details of the remuneration payable for the abovementioned period are as follows:

Salary (inclusive of bonus, house rent allowance, leave salary, conveyance allowance, etc.)	₹ 40 million per annum
Other Benefits (including variable pay)	• Increment on a yearly basis for an amount not exceeding 10% of current cost to company; and • Subject to recommendation of Nomination and Remuneration Committee and approval of the Board, profit based commission of 1.25% of the net profits of audited financial statement.

d) Sammir Dattani

Sammir Dattani was appointed as an Executive Director with effect from January 2, 2015 and the salaries and wages accrued were ₹ 44.83 million by our Company in Financial Year 2021. He was re-appointed as an Executive Director for five years with effect from December 1, 2021, pursuant to a Board resolution dated November 22, 2021 and a Shareholders' resolution dated November 25, 2021. The details of the remuneration payable for the abovementioned period are as follows:

Salary (inclusive of bonus, house rent allowance, leave salary, conveyance allowance, etc.)	₹ 40 million per annum
Other Benefits (including variable pay)	• Increment on a yearly basis for an amount not exceeding 10% of current cost to company; and • Subject to recommendation of Nomination and Remuneration Committee and approval of the Board, profit based commission of 1.25% of the net profits of audited financial statement.

Sitting Fees to Non – Executive Directors and Independent Directors:

Pursuant to a Board resolution dated November 22, 2021, each Non-Executive Director and Independent Director, is entitled to receive sitting fees of ₹ 100,000 per meeting for attending meetings of the Board, and ₹ 25,000 per meeting for attending meetings of the committees and commission up to 0.025% of the net profit for the year, subject to approval of Nomination and Remuneration Committee. Our Company had no Non-Executive and Independent Directors in Financial Year 2021. Hence, no sitting fees or commission was paid by our Company to any Non-Executive and Independent Directors in Financial Year 2021.

Remuneration paid or payable to our Directors by our Subsidiaries

None of the Directors of our Company has been paid any remuneration by our Subsidiaries, including any contingent or deferred compensation accrued for Financial Year 2021.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares. The table below sets forth details of Equity Shares held by the Directors as on date of this Draft Red Herring Prospectus:

Shareholding in our Company

Sr. No.	Name of the Director	No. of Equity Shares of face value ₹10 each	Percentage of the pre-Offer Equity Share capital (%)
1.	Pareshkumar Dattani	7,012,600	9.75
2.	Ajaykumar Dattani	7,327,650	10.19
3.	Anilkumar Dattani	6,819,700	9.48
4.	Sammir Dattani	363,000	0.50

Interest of Directors

Except as disclosed below, our Executive Directors have no interest to our Company:

- to the extent of remuneration and reimbursement of expenses payable to them;
- the Joint Deed of Guarantee executed by our Executive Directors for personal guarantees given by them against the Working Capital Consortium Agreement and Term Loan Agreement in respect of the facilities extended by the Bank of Baroda and Union Bank of India (together the Bank of Baroda consortium); and
- mortgage of flat by Pareshkumar Dattani given as security for our borrowings.

For further details, please refer "*History and Certain Corporate Matters*" and "*Financial Indebtedness*" on pages 191 amd 323.

All our Non – Executive Directors and Independent Directors may be deemed to be interested to the extent of sitting fees and commission payable, if any, to them for attending meetings of our Board and committees thereof, and reimbursement of expenses available to them.

Except Pareshkumar Dattani, Ajaykumar Dattani and Anilkumar Dattani, none of our Directors have any interest in the promotion or formation of our Company.

The Directors may also be regarded as interested in the Equity Shares held by them or by their relatives, if any, or that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any, held by them.

None of our Directors may be deemed to be interested in the contracts, transactions, agreements or arrangements entered into or to be entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity.

None of our Directors have any interest in any property acquired or proposed to be acquired by our Company or transaction for acquisition of land, construction of building and supply of machinery, *etc.*

No loans have been availed by our Directors from our Company or its Subsidiaries as on date of this DRHP.

None of our Directors are party to any bonus or profit-sharing plan of our Company, except all our Directors who may receive profit-based commission from the Company. For further details, please refer "*Service contracts with Directors - Terms of appointment of Executive Directors*" and *"Sitting Fees to Non-Executive Directors and Independent Directors"* on page 201 and 202, respectively.

Changes in the Board in the last three years

Name	Date of Change/Appointment/cessation	Reason
Vallabhdas Dattani	March 31, 2021	Resignation - personal and unavoidable
Dineshkumar Dattani	March 31, 2021	Resignation - personal and unavoidable
Mikesh Dattani	March 31, 2021	Resignation - personal and unavoidable
Varun Dattani	March 31, 2021	Resignation - personal and unavoidable
Debarata Sarkar	November 22, 2021	Appointment as Independent Director
Khurshed Thanawalla	November 22, 2021	Appointment as Independent Director
Vinay Aggarwal	November 22, 2021	Appointment as Independent Director
Bhumika Batra	November 22, 2021	Appointment as Independent Director
Pareshkumar Dattani	December 1, 2021	Change in designation
Ajaykumar Dattani	December 1, 2021	Change in designation

Borrowing Powers of Board

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and a special resolution passed by our Shareholders at their meeting dated November 25, 2021, our Board has been authorized to borrow from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital, free reserves and securities premium, provided that the total amount of money so borrowed by the Board shall not at any time exceed a sum of ₹ 20,000 million which may be fund based or non-fund based limits including the security to be provided for obtaining the loans on the assets of the Company.

Corporate Governance

The corporate governance provisions of the Listing Regulations will be applicable to us immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of our Board and committees thereof and formulation and adoption of policies, as applicable. The 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.

Committees of the Board

In addition to the committees of our Board detailed below, our Board may, from time to time, constitute committees for various functions.

Audit Committee

The members of the Audit Committee are:

1. Debabrata Sarkar, Chairman;
2. Khurshed Thanawalla, Member; and
3. Vinay Aggarwal, Member

The Audit Committee was constituted by a resolution of our Board at their meeting held on November 22, 2021. The terms of reference of the Audit Committee are as follows:

(a) Oversight of the Company's financial reporting process, examination of the financial statement and the auditors' report thereon and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors, including the internal auditor, cost auditor and statutory auditor, of the Company and the fixation of audit fee;

(c) Approval of payments to statutory auditors for any other services rendered by the statutory auditors of the Company;

(d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   (i) 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;
   (ii) Changes, if any, in accounting policies and practices and reasons for the same;
   (iii) Major accounting entries involving estimates based on the exercise of judgment by the management of the Company;
   (iv) Significant adjustments made in the financial statements arising out of audit findings;
   (v) Compliance with listing and other legal requirements relating to financial statements;
   (vi) Disclosure of any related party transactions; and
   (vii) Qualifications / modified opinion(s) in the draft audit report.

(e) Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval;

(f) 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 utilised for purposes other than those stated in the issue 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;

(g) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

(h) Formulating a policy on related party transactions, which shall include materiality of related party transactions;

(i) Approval or any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;

Explanation*: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*

(j) Review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

(k) Scrutiny of inter-corporate loans and investments;

(l) Undertaking or supervising valuation of undertakings or assets of the company, wherever it is necessary;

(m) Evaluation of internal financial controls and risk management systems;

(n) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

(o) 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;

(p) Discussion with internal auditors of any significant findings and follow up thereon;

(q) 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;

(r) 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;

(s) Looking 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;

(t) Recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

(u) Reviewing the functioning of the whistle blower mechanism;

(v) Approval of the appointment of the Chief Financial Officer of the Company ("**CFO**") (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;

(w) Carrying out any other functions as provided under the provisions of the Companies Act, the SEBI Listing Regulations and other applicable laws;

(x) To formulate, review and make recommendations to the Board to amend the Terms of Reference of Audit Committee from time to time;

(y) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

(z) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

(aa) Reviewing the utilization of loans and/or advances from/investment by Company in the subsidiaries 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;

(bb) To consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc. on the Company and its shareholders and;

(cc) Carrying out any other functions as may be required / mandated and/or delegated by the Board as per the provisions of the Companies Act, 2013, SEBI Listing Regulations, uniform listing agreements and/or any other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

The Audit Committee shall mandatorily review the following information:

(a) Management's discussion and analysis of financial condition and results of operations;

(b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management of the Company;

(c) Management letters/letters of internal control weaknesses issued by the statutory auditors of the Company;

(d) Internal audit reports relating to internal control weaknesses;

(e) The appointment, removal and terms of remuneration of the chief internal auditor;

(f) Statement of deviations:

  (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the SEBI Listing Regulations; and
  (ii) annual statement of funds utilised for purposes other than those stated in the issue document/prospectus/notice in terms of Regulation 32(7) of the SEBI Listing Regulations;

(g) To review the financial statements, in particular, the investments made by any unlisted subsidiary; and

(h) Such information as may be prescribed under the Companies Act and SEBI Listing Regulations.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Debabrata Sarkar, Chairman;
2. Khurshed Thanawalla, Member; and
3. Bhumika Batra, Member

The Nomination and Remuneration committee was constituted by a resolution of our Board at their meeting held on November 22, 2021. The terms of reference of the Nomination and Remuneration Committee are as follows:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

(i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
(ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
(iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

(b) Formulation of criteria for evaluation of performance of independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

(e) Analysing, monitoring and reviewing various human resource and compensation matters, including the compensation strategy;

(f) Determining the Company’s policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(g) Recommending the remuneration, in whatever form, payable to non-executive directors and the senior management personnel and other staff (as deemed necessary);

(h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(i) Determining 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;

(j) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

(k) Administering the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("**ESOP Scheme**") including the following:

i. Determining the eligibility of employees to participate under the ESOP Scheme;
ii. Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
iii. Date of grant;
iv. Determining the exercise price of the option under the ESOP Scheme;
v. The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
vi. The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
vii. The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
viii. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
ix. Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
x. The grant, vest and exercise of option in case of employees who are on long leave;
xi. Allow exercise of unvested options on such terms and conditions as it may deem fit;
xii. The procedure for cashless exercise of options;
xiii. Forfeiture/ cancellation of options granted;
xiv. Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, merger, sale of division and others. In this regard following shall be taken into consideration:

- the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;
- for this purpose, global best practices in this area including the procedures followed by the derivative markets in India and abroad may be considered; and the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such option.

(l) Construing and interpreting the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the terms of such scheme/plan ("**ESOP Scheme**") and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/or rescinding rules and regulations relating to the administration of the ESOP Scheme;

(m) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended,

by the Company and its employees, as applicable;

(n) Performing such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee; and

(o) Such terms of reference as may be prescribed under the Companies Act, SEBI Listing Regulations or other applicable laws or by any other regulatory authority.

Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

1. Bhumika Batra, Chairman;

2. Vinay Aggarwal, Member; and

3. Ajaykumar Dattani, Member

The 'Stakeholders' Relationship Committee' was constituted by a resolution of our Board at their meeting held on November 22, 2021. The terms of reference of the Stakeholders' Relationship Committee are as follows:

(a) Redressal of all security holders' and investors' grievances such as complaints related to transfer of shares, including non-receipt of share certificates and review of cases for refusal of transfer/transmission of shares and debentures, dematerialisation and re-materialisation of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc., assisting with quarterly reporting of such complaints and formulating procedures in line with statutory guidelines to ensure speedy disposal of various requests received from shareholders;

(b) Reviewing of measures taken for effective exercise of voting rights by shareholders;

(c) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(d) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;

(e) Reviewing the measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company;

(f) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of our Company and to recommend measures for overall improvement in the quality of investor services;

(g) Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority;

(h) To approve allotment of shares, debentures or any other securities as per the authority conferred / to be conferred to the Committee by the Board of Directors from time to time;

(i) To approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities;

(j) To monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company; and

(k) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Khurshed Thanawalla, Chairman;

2. Bhumika Batra, Member; and

3. Anilkumar Dattani, Member

The Corporate Social Responsibility was constituted by a resolution of our Board at their meeting held on November 22, 2021. The terms of reference of the Corporate Social Responsibility are as follows:

(a) To formulate and recommend to the Board, a corporate social responsibility policy stipulating, amongst others, the guiding principles for selection, implementation and monitoring the activities as well as formulation of the annual action plan which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act and the rules made thereunder and make any revisions therein as and when decided by the Board;

(b) Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;

(c) To identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

(d) To review and recommend the amount of expenditure to be incurred for the corporate social responsibility activities and the distribution of the same to various corporate social responsibility programmes undertaken by the Company;

(e) To delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

(f) To review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

(g) To perform such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company and exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

(h) To take note of the Compliances made by implementing agency (if any) appointed for the corporate social responsibility of the Company.

(i) The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its corporate social responsibility policy, which shall include the following:

    (i) the list of corporate social responsibility projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Companies Act;
    (ii) the manner of execution of such projects or programmes as specified in the rules notified under the Companies Act;
    (iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;
    (iv) monitoring and reporting mechanism for the projects or programmes; and
    (v) details of need and impact assessment, if any, for the projects undertaken by the Company; and

(j) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

Risk Management Committee

The members of the Risk Management Committee are:

1. Vinay Agarwal, Chairperson;
2. Pareshkumar Dattani, Member; and
3. Ajaykumar Dattani, Member

The Risk Management Committee was constituted by a resolution of our Board at their meeting held on November 22, 2021.

The terms of reference of the Risk Management Committee are as follows:

(a) To periodically review the risk management policy at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(b) To formulate a detailed risk management policy covering risk across functions and plan integration through training and awareness programmes;

(c) The policy shall include:

1. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, environment, social and governance related risks), information, cyber security risks or any other risk as may be determined by the committee;

2. Measures for risk mitigation including systems and processes for internal control of identified risks;

3. Business continuity plan.

(d) To approve the process for risk identification and mitigation;

(e) To decide on risk tolerance and appetite levels, recognizing contingent risks, inherent and residual risks including for cyber security;

(f) To monitor the Company's compliance with the risk structure. Assess whether current exposure to the risks it faces is acceptable and that there is an effective remediation of non-compliance on an on-going basis;

(g) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

(h) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

(i) To approve major decisions affecting the risk profile or exposure and give appropriate directions;

(j) To consider the effectiveness of decision making process in crisis and emergency situations;

(k) To balance risks and opportunities;

(l) To generally, assist the Board in the execution of its responsibility for the governance of risk;

(m) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(n) To consider the appointment, removal and terms of remuneration of the chief risk officer (if any) shall be subject to review by the Risk Management Committee;

(o) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary;

(p) The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors;

(q) To attend to such other matters and functions as may be prescribed by the Board from time to time; and

(r) Such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

IPO Committee

The members of the IPO Committee are:

1. Pareshkumar Dattani;

2. Ajaykumar Dattani; and

3. Sammir Dattani

The IPO Committee was constituted by a resolution of our Board at their meeting held on November 22, 2021.

The terms of reference of the IPO Committee are as follows:

(a) To decide, in consultation with the BRLMS, the size, timing, pricing and all other terms and conditions of the issue and transfer of the Equity Shares for the Offer, including the number of Equity Shares to be offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of oversubscription) price and any discount allowed under Applicable Laws that may be fixed and determined in accordance with the Applicable Laws, and to accept any amendments, modifications, variations, or alterations thereto;

(b) To amend the terms of participation by the Selling Shareholders in the Offer for Sale;

(c) To decide, negotiate and finalize, in consultation with the BRLMs, all matters regarding the Pre-IPO Placement, if any, including entering into discussions and execution of all relevant documents with Investors;

(d) To make applications to seek clarifications and obtain approvals from, where necessary, the SEBI, the Reserve Bank of India and any other governmental or statutory/regulatory authorities as may be required in connection with the Offer and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

(e) To invite the existing shareholders of the Company to participate in the Offer by offering for sale the Equity Shares held by them at the same price as in the Offer;

(f) all actions as may be necessary in connection with the Offer, including extending the Bid/Offer period, revision of the Price Band, in accordance with the Applicable Laws;

(g) To appoint and enter into arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, advisors to the Offer, escrow collection bank(s) to the Offer, registrars to the Offer, sponsor bank, refund bank(s) to the Offer, public issue account bank(s) to the Offer, advertising agencies, legal counsel and any other agencies or persons or intermediaries to the Offer and to negotiate and finalise and amend the terms of their appointment, including but not limited to execution of the BRLMs' mandate letter, negotiation, finalisation, execution and, if required, amendment of the Offer agreement with the BRLMs and the underwriting agreement with the underwriters;

(h) To negotiate, finalise, settle, execute and deliver or arrange the delivery of Offer agreement, registrar agreement, syndicate agreement, underwriting agreement, cash escrow and sponsor bank agreement, share escrow agreement, monitoring agency agreement and all other documents, deeds, agreements, memorandum of understanding, and any notices, supplements and corrigenda thereto, as may be required or desirable and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, Stock Exchanges, the BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforestated documents;

(i) To decide in consultation with the BRLMs and Selling Shareholders on the size, timing, pricing, discount, reservation and all the terms and conditions of the Offer, including the price band, bid period, Offer price, and to accept any amendments, modifications, variations or alterations thereto;

(j) To finalise, approve, adopt, file, deliver and arrange for, in consultation with the the BRLMs and Selling Shareholders, submission of the draft red herring prospectus ("**DRHP**"), the red herring prospectus ("**RHP**") and the prospectus (including amending, varying or modifying the same, as may be considered desirable or expedient), the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto for the issue of Equity Shares including incorporating such alterations/corrections/modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities or in accordance with all Applicable Laws;

(k) To approve the relevant restated financial statements to be issued in connection with the Offer;

(l) To seek, if required, the consent of the lenders of the Company and its subsidiaries, industry data providers, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;

(m) To make applications to seek clarifications and obtain approvals from, if necessary, the SEBI, the Stock Exchanges, RBI, the Registrar of Companies or any other statutory or governmental authorities in connection with the Offer and, wherever necessary, incorporate such modifications/ amendments/ alterations/ corrections as may be required in the DRHP, the RHP and the prospectus;

(n) To open and operate bank account(s) of the Company in terms of the cash escrow and sponsor bank agreement, as applicable and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(o) To authorise and approve incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

(p) To approve code of conduct as may be considered necessary or as required under Applicable Laws for the Board, officers of the Company and other employees of the Company;

(q) To authorise any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Offer;

(r) To approve suitable policies in relation to the Offer as may be required under Applicable Laws;

(s) To approve suitable policies on insider trading, whistle –blowing, risk management, and any other policies, as may be required under Applicable Laws and the listing agreement to be entered into by the Company with the relevant stock exchanges

(t) To approve any corporate governance requirement that may be considered necessary by the Board or the IPO Committee or as may be required under Applicable Laws, in connection with the Offer;

(u) To take all actions as may be necessary and authorised in connection with the offer for sale and to approve and take on record the approval of the selling shareholder(s) for offering their Equity Shares in the offer for sale and the transfer of Equity Shares in the offer for sale;

(v) To authorise and approve notices, advertisements in such newspapers and other media as it may deem fit and proper in relation to the Offer in consultation with the BRLMs and any other relevant intermediaries appointed for the Offer;

(w) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act or as may be required by the regulations issued by SEBI and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(x) To determine and finalise the bid opening and bid closing dates (including bid opening and closing dates for anchor investors), floor price/price band for the Offer, the Offer price for anchor investors, approve the basis for allocation/allotment and confirm allocation/allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the prospectus, in consultation with the BRLMs and Selling Shareholders;

(y) To issue receipts/allotment letters/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on the Stock Exchanges, with power to authorise one or more officers of the Company to sign all or any of the aforestated documents;

(z) To withdraw the DRHP or the RHP or not to proceed with the Offer at any stage, if considered necessary and expedient, in accordance with Applicable Laws and in consultation with the BRLMs;

(aa) To make applications for listing of Equity Shares on the Stock Exchanges and to execute and to deliver or arrange the delivery of necessary documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing;

(bb) To do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the afore-stated documents;

(cc) To do all such acts, deeds, matters and things and execute all such other documents, etc., as it may, in its absolute discretion, deem necessary or desirable for the Offer, in consultation with the BRLMs and Selling Shareholders, including without limitation, determining the anchor investor portion and allocation to anchor investors, finalising the basis of allocation and allotment of Equity Shares to the successful allottees and credit of Equity Shares to the demat accounts of the successful allottees in accordance with Applicable Laws;

(dd) To settle all questions, difficulties or doubts that may arise in regard to the Offer, including such issues or allotment and matters incidental thereto as it may deem fit and to delegate such of its powers as may be deemed necessary and permissible under Applicable Laws to the officials of the Company;

(ee) To take such action, give such directions, as may be necessary or desirable as regards the Offer and to do all such acts, matters, deeds and things, including but not limited to the allotment of Equity Shares against the valid applications received in the Offer, as are in the best interests of the Company;

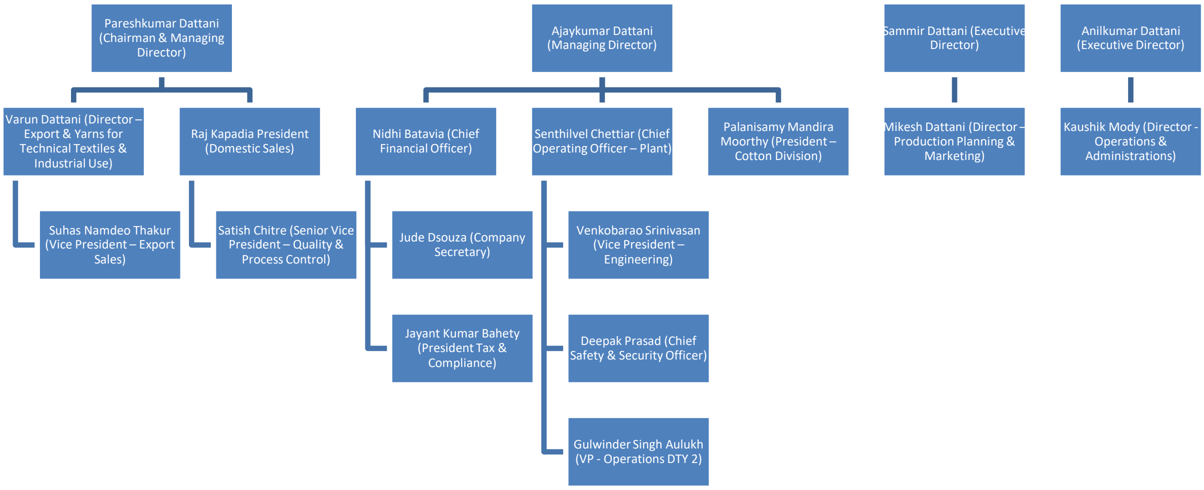
(ff) To approve the expenditure in relation to the Offer;

(gg) To negotiate, finalise, settle, execute and deliver any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee shall be conclusive evidence of the authority of the IPO Committee in so doing;

(hh) To submit undertaking/certificates or provide clarifications to the Securities Exchange Board of India and the Stock Exchanges where the Equity Shares of the Company are proposed to be listed; and

(ii) To take all other actions as may be necessary in connection with the Offer.

Management Organisation Chart



Key Managerial Personnel

The details of our Key Managerial Personnel of are as follows:

Pareshkumar Dattani is the Managing Director of our Company. For further details see "– *Brief profiles of Directors*" and "*Terms of appointment of Executive Directors*" on pages 200 and 201, respectively.

Ajaykumar Dattani is a Joint Managing Director of our Company. For further details see "*–Brief profiles of Directors*" and "*Terms of appointment of Executive Directors*" on pages 200 and 201, respectively.

Anilkumar Dattani is an Executive Director of our Company. For further details see "*–Brief profiles of Directors*" and "*Terms of appointment of Executive Directors*" on pages 200 and 201, respectively.

Sammir Dattani is an Executive Director of our Company. For further details see "*–Brief profiles of Directors*" and "*Terms of appointment of Executive Directors*" on pages 200 and 201, respectively.

Varun Dattani is a Director – Export & Yarns for Technical Textiles & Industrial Use of our Company. He has been associated with our Company since January 1, 2011. He holds a bachelor's degree in Science (Technical Systems Management) from the University of Illinois at Urbana-Champaign. He has over 10 years of experience in textiles industry. During Financial Year 2021, he was paid a gross remuneration of ₹ 49.23 million.

Mikesh Dattani is a Director – Production Planning & Marketing of our Company. He has been associated with the Company since January 1, 2011. He holds a bachelor's degree in science (Polymers and Fibres Chemistry) from Clemson University. He has over 10 years of experience in textiles industry. During Financial Year 2021, he was paid a gross remuneration of ₹ 24.63 million.

Nidhi Batavia is the Chief Financial Officer of our Company. She has been associated with the Company since October 11, 2021 and has been appointed as the Chief Financial Officer of our Company on November 2, 2021. She is an associate member of The Institute of Chartered Accountants of India. She holds a bachelor's degree in commerce from University of Mumbai. She has over 16 years of experience in managing core finance and accounts operations, mergers & acquisitions and corporate finance. Prior to joining our Company, she was Deputy General Manager Finance at Hindustan Platinum Private Limited. She has also worked for organisations like WNS Global Services Private Limited, ICICI Bank and A F Ferguson & Co. She has not received any remuneration for Fiscal year 2021 as she has been appointed in Fiscal Year 2022.

Kaushik Mody is a Director - Operations & Administrations of our Company. He has been associated with the Company since June 1, 2021. He holds a bachelor's degree in mechanical engineering and a master's degree of business administration from Maharaja Sayajirao University of Baroda. He has over 31 years of experience in business and site management. Prior to joining our Company, he was associated with Reliance Industries Limited, Petrofils Co-Operative Limited and Silvassa Industries Private Limited. He has not received any remuneration for Fiscal year 2021 as he has been appointed in the Fiscal Year 2022.

Raj Kapadia is a President – Domestic Sales of our Company. He has been associated with our Company since April 1, 2015. He has attended three years bachelor's course in commerce from University of Mumbai. He has over six years of experience in sales and marketing. During Financial Year 2021, he was paid a gross remuneration of ₹ 1.59 million.

Senthilvel Chettiar is a Chief Operating Officer – Plant of our Company. He has been associated with our Company since October 1, 2012. He holds a bachelor's degree in textiles technology from PSG College of Technology, Anna University. He also holds a master's degree in arts (history) from Madurai Kamaraj Univeristy. He has over 24 years of experience in the textile industry. Prior to joining our Company, he was associated with B.K. Polytex, Coimbatore Pioneer Mills Limited and Vijayeswari Textile Limited. During Financial Year 2021, he was paid a gross remuneration of ₹ 2.91 million.

Palanisamy Mandira Moorthy is a President – Cotton Division of our Company. He has been associated with the Company since December 6, 2006. He holds a diploma in textile technology from State Board of Technical Education and Training, Tamil Nadu. He has over 18 years of experience in cotton yarn manufacturing, quality and process control in the textile industry. Prior to joining our Company, he was associated with SCM Textiles Spinners. During Financial Year 2021, he was paid a gross remuneration of ₹ 2.76 million.

Jayant Bahety is a President - Compliance and Tax of our Company. He has been associated with the Company since July 1, 2021. He is a fellow member of 'The Institute of Chartered Accountants of India'. He has over 20 years of experience in managing compliance and audit operations, mergers & acquisitions, legal and taxation. Prior to joining our Company, he was a practising chartered accountant and was in private practice under the trade name, 'Bahety & Company, Chartered Accountants'. He has not received any remuneration for Fiscal 2021 as he has been appointed in Fiscal 2022.

Satish Chitre is a Senior Vice President – Quality & Process Control of our Company. He has been associated with our Company since June 16, 2011. He holds a master's degree in textile engineering from Maharaja Sayajirao University of Baroda. He has over 22 years of experience in process control, quality control and product development activities in the texturizing process of polyester yarn industry. Prior to joining our Company, he was associated with Viptex (a division of Vapi Paper Mills Limited) and Reliance Industries Limited. During Financial Year 2021, he was paid a gross remuneration of ₹ 2.76 million.

Venkobarao Srinivas is a Vice President – Engineering of our Company. He has been associated with our Company since July 16, 2018. He holds a diploma in machine tool maintenance and repairs from the State Board of Technical Education and Training. He has over 27 years of experience in the engineering field and in polyester plants in India and overseas. He has also worked with organisations in polyester industries like Orissa Synthetics Limited, Sanghi Polyesters Limited, Modern Petrofils (a unit of Modern Syntex (I) Limited), IndoKorean Petrochem Limited. He has also worked for Karkh Water Project, Republic of Iraq. During Financial Year 2021, he was paid a gross remuneration of ₹ 3.06 million.

Suhas Thakur is a Vice President – Export Sales of our Company. He has been associated with our Company since February 1, 2008. He holds a bachelor's degree in Commerce from University of Mumbai. He has also completed a diploma in computerised financial accounting. He has over 26 years of experience in the textile industry. Prior to joining our Company, he was associated with Chhabria Polyester Corporation manging export, sales and accounts. He has also worked in Atharva Pharmaceuticals Private Limited for three years in accounts department. During Financial Year 2021, he was paid a gross remuneration of ₹ 1.50 million.

Deepak Prasad is a Chief Safety & Security Officer of our Company. He has been associated with our Company since September 23, 2021. He holds a bachelor's degree in science (honors) from Ranchi University and master's degree in business administration (human resource and marketing) from Veer Bahadur Singh Purvanchal University. He was an ex-commission officer at commander rank in Indian Navy (Armed Forces) having over 12 years of experience in handling security, safety and specialising in fire fighting operations including Nuclear/Biological/Chemical and Damage Control Fire Fighting (NBCD). He also specialises in CSP (Certified Security Professional) which is an internationally accredited certification in Security & Safety domain. Prior to joining our Company, he was associated with Reliance Jio Infocomm Limited and Tata Steel BSL Limited. He has not received any remuneration for Fiscal Year 2021 as he has been appointed in the Fiscal Year 2022.

Gulvinder Singh is a Vice President - Operation of our Company. He has been associated with our Company since July 12, 2021. He has completed a diploma in mechanical engineering from Punjab State Board of Technical Education. He holds a bachelor's degree in technology (mechanical) from Karnataka State Open University. He has over 32 years of experience in managing the plants and was previously employed with Reliance Industries Limited. He has not received any remuneration for Fiscal Year 2021 as he has been appointed in the Fiscal Year 2022.

Jude Patrick Dsouza is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since October 11, 2021 and has been appointed as the Company Secretary of our Company on November 2, 2021. He is an associate member of 'The Institute of Company Secretaries of India'. He holds a bachelor's degree in commerce and a bachelor's degree in law from University of Mumbai. Prior to joining our Company, he worked in the corporate secretarial team of Tata Communications Limited. He has also handled the secretarial and legal work for Radhakrishna Foodland Group. He has over six years of experience in corporate secretarial and legal work which also includes CSR and Sustainability Development Projects. He has not received any remuneration for Fiscal year 2021 as he has been appointed in the Fiscal Year 2022.

Arrangements and understanding with major Shareholders, customers, suppliers or others

None of our Key Managerial Personnel have been appointed pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or any other person.

Status of Key Managerial Personnel

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

Relationship between our Key Managerial Personnel

Except as disclosed below and in "*Relationship amongst our Directors*" on page 201, none of our Key Managerial Personnel are related to each other.

Anilkumar Dattani is the father of Mikesh Dattani.

Pareshkumar Dattani is the father of Varun Dattani.

Shareholding of Key Managerial Personnel

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, the Key Managerial Personnel do not hold any Equity Shares in our Company:

Sr. No	Name of Key Managerial Personnel	No. of Equity Shares held	Shareholding %
1.	Pareshkumar Dattani	7,012,600	9.75
2.	Ajaykumar Dattani	7,327,650	10.19
3.	Anilkumar Dattani	6,819,700	9.48
4.	Sammir Dattani	363,000	0.50
5.	Mikesh Dattani	150,600	0.21
6.	Varun Dattani	1,200	Negligible
Total		**21,675,750**	**30.13**

Bonus or Profit-Sharing Plans of the Key Managerial Personnel

Except as disclosed above in "*Interest of Directors*" with respect to the Executive Directors, none of our Key Managerial Personnel are party to any bonus or profit-sharing plan of our Company.

Interests of Key Managerial Personnel

Except as disclosed above in "*Interest of Directors*" with respect to the Executive Directors and the personal guarantees given by Mikesh Dattani and Varun Dattani, our Key Managerial Personnel for securing our borrowings mentioned in "*Financial Indebtedness*" on page 323, our Key Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares, if any, held by them in the Company. To the extent applicable, our Key Managerial Personnel are also interested in any Equity Shares which may be allotted to them pursuant to exercise of options under the ESOP Scheme and any distributions in relation thereof.

Changes in the Key Managerial Personnel

Except as disclosed below and as disclosed in '*– Changes in the Board in the last three years*' with respect to the Executive Directors on page 204, there have been no changes in the Key Managerial Personnel in the last three years:

Name	Designation	Date of change	Reason for change
Nidhi Batavia	Chief Financial Officer	November 2, 2021	Appointment as Chief Financial Officer
Jude Patrick Dsouza	Company Secretary	November 2, 2021	Appointment as Company Secretary
Rishita Vinda	Company Secretary	November 2, 2021	Cessation as Company Secretary
Deepak Prasad	Chief Safety & Security Officer	September 23, 2021	Appointment as Chief Safety & Security Officer

Name	Designation	Date of change	Reason for change
Gulvinder Singh	Vice President-Operation	July 12, 2021	Appointment as Vice President-Operation
Jayant Bahety	President Compliance and Tax	July 1, 2021	Appointment as President Compliance and Tax
Kaushik Mody	Director - Operations & Administrations	June 1, 2021	Appointment as Director - Operations & Administrations
Rishita Vinda	Company Secretary	February 17, 2020	Appointment as Company Secretary
Shahu Narkar	Company Secretary	January 20, 2020	Cessation as Company Secretary
Shahu Narkar	Company Secretary	May 9, 2019	Appointment as Company Secretary

Service Contracts with Directors and Key Managerial Personnel

No officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment or superannuation, other than statutory benefits.

Contingent and deferred compensation payable to our Director and Key Managerial Personnel

There is no contingent or deferred compensation accrued for Financial Year 2021 and payable to our Directors and Key Managerial Personnel, which does not form a part of their remuneration.

Payment or benefit to Key Managerial Personnel

No non – salary amount or benefit has been paid or given to any officer of our Company within the two preceding years preceding the date of this Draft Red Herring Prospectus or is intended to be paid or given, other than in the ordinary course of their employment.

Employees Stock Options

For details of the ESOP scheme of our Company, see "*Capital Structure*" on page 77.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

As on the date of this Draft Red Herring Prospectus, our Promoters are:

1. Nimbus Trust
2. D&G Family Trust
3. A&J Family Trust
4. P&B Family Trust
5. Pareshkumar Dattani
6. Ajaykumar Dattani
7. Anilkumar Dattani
8. Dineshkumar Dattani

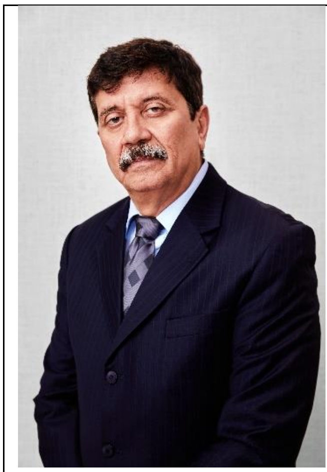
As on the date of this Draft Red Herring Prospectus, our Promoters' shareholding in our Company is as follows:

Sr. No.	Name of the Promoter	No. of Equity Shares	% of pre-Offer issued, subscribed and paid-up Equity Share Capital
1.	Nimbus Trust*	10,475,000	14.56
2.	D&G Family Trust**	10,475,000	14.56
3.	A&J Family Trust***	10,475,000	14.56
4.	P&B Family Trust****	10,475,000	14.56
5.	Pareshkumar Dattani	7,012,600	9.75
6.	Ajaykumar Dattani	7,327,650	10.19
7.	Anilkumar Dattani	6,819,700	9.48
8.	Dineshkumar Dattani	7,112,800	9.89
	Total	**70,172,750**	**97.54**

**Held through its trustees i.e., Sonali Dattani and Pareshkumar Dattani.*
*** Held through its trustees i.e., Geeta Dattani and Anilkumar Dattani.*
**** Held through its trustees i.e., Jayshree Dattani and Sammir Dattani.*
***** Held through its trustees i.e., Beena Dattani and Ajaykumar Dattani.*

For details of the build-up of the Promoters' shareholding in our Company, see "*Capital Structure – Details of shareholding of our Promoters and members of the Promoter Group in our Company*", on page 85.

Details of our individual Promoters



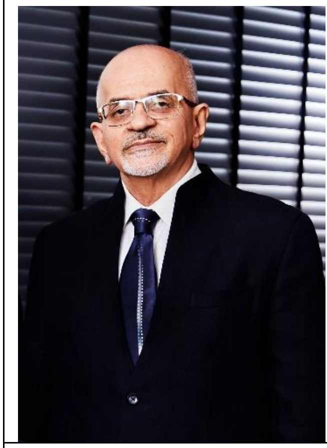
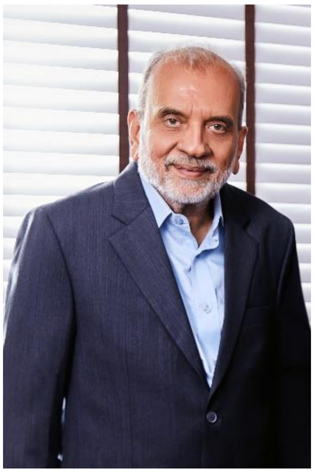
Pareshkumar Dattani

Pareshkumar Dattani, aged 61 years, is the Chairman and Managing Director of our Company. He is an Indian national. For details of his educational qualifications, residential address, date of birth, experience, positions and posts held in the past, other directorships and interest in other entities, business, financial activities and special achievements, see "*Our Management*" on page 197. Other than the entities forming part of the Promoter Group, Pareshkumar Dattani is not involved in any other ventures.

His driving license number is MH0120070021220, his PAN Card number is AEAPD8148Q and his Aadhar card number is 717301547388.

Ajaykumar Dattani

Ajaykumar Dattani, aged 54 years, is a Joint Managing Director of our Company. He is an Indian national. For details of his educational qualifications, residential address, date of birth, experience, positions and posts held in the past, other directorships and interest in other entities, business, financial

	activities and special achievements, see "*Our Management*" on page 197**.** Other than the entities forming part of the Promoter Group, Ajaykumar Dattani is not involved in any other ventures. His driving license number is MH0120100030305, his PAN is AEAPD8147B and his Aadhar card number is 433236665803.
	**Anilkumar Dattani** Anilkumar Dattani, aged 63 years, is an Executive Director of our Company. He is an Indian national. For details of his educational qualifications, residential address, date of birth, experience, positions and posts held in the past, other directorships and interest in other entities, business, financial activities and special achievements, see "*Our Management*" on page 197**.** Other than the entities forming part of the Promoter Group, Anilkumar Dattani is not involved in any other ventures. His driving license number is MH0120080044389, his PAN is ADWPD3054A and his Aadhar card number is 532062501950.
	**Dineshkumar Dattani** Dineshkumar Dattani, aged 73 years, is one of our Promoters of our Company. **Date of Birth:** July 27, 1948 **Nationality:** Indian **Address:** Flat no. 15, 8th Floor, Bhaveshvar Sagar, 20, Nepean Sea Road, Patel Compound, Mumbai - 400036 His PAN is ADWPD3056C and his Aadhar card number is 236206766802. Further, he does not have driving license. Other than the entities forming part of the Promoter Group, Dineshkumar Dattani is not involved in any other ventures. He is an Indian national. He holds a bachelor's degree in commerce from University of Calcutta. He has experience of 42 years in the textile industry.

Our Company confirms that the PANs, bank account numbers and passport numbers of Pareshkumar Dattani, Ajaykumar Dattani, Anilkumar Dattani and Dineshkumar Dattani.would be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Details of our Promoter Trusts

(a) ***D&G Family Trust***

(i) Trust information

Our Promoter, D&G Family Trust was formed pursuant to a deed of trust dated November 2, 2021 between Dineshkumar Dattani (as settlor) and Geeta Dattani, Pareshkumar Dattani, Anilkumar Dattani, Ajaykumar Dattani (as trustees). The office of D&G Family Trust is situated at Flat Number 15, 8th floor, Bhaveshwar Sagar Building, Patel Compound, 20, Napean Sea Road, Cumbala Hill, Mumbai 400026, Maharashtra, India. The PAN of the D&G Family Trust is AADTD9371L.

(ii) Board of trustees

The trustees of D&G Family Trust consist of **(A)** Geeta Dattani (Managing Trustee) **(B)** Pareshkumar Dattani **(C)** Anilkumar Dattani and **(D)** Ajaykumar Dattani

(iii) Beneficiaries

The beneficiaries of D&G Family Trust are: **(A)** Geeta Dattani, **(B)** Sammir Dattani, and **(C)** Lineal descendants of Sammir Dattani

(iv) Objects and function

The objects and purpose of D&G Family Trust include the following:

(A) To provide, *inter alia,* a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;
(B) To provide for different needs and requirements of the beneficiaries in accordance with the terms of the trust deed depending upon changing life style and their varying needs including, as applicable, boy not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence and (vi) other expenses and contingencies of the beneficiaries;
(C) To ensure that the trust fund is properly managed and administered in accordance with the provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

(b) *P&B Family Trust*

(i) Trust information

Our Promoter, P&B Family Trust was formed pursuant to a deed of trust dated November 2, 2021 between Pareshkumar Dattani (Settlor) and Beena Dattani, Sammir Dattani, Anilkumar Dattani, Ajaykumar Dattani (as trustees). The office of P&B Family Trust is situated at 19A/19B, 19th Floor, Tytan Building, A.B. Dubhash Marg, Opp Laxmibai Jagmohandas Marg, August Kranti Marg, Cumbala Hill, Mumbai 400026, Maharashtra, India. The PAN of the P&B Family Trust is AAETP8518Q.

(ii) Board of trustees

The trustees of P&B Family Trust consist of **(A)** Beena Dattani (Managing Trustee) **(B)** Sammir Dattani **(C)** Ajaykumar Dattani and **(D)** Anilkumar Dattani

(iii) Beneficiaries

The beneficiaries of P&B Family Trust are: **(A)** Beena Dattani, **(B)** Varun Dattani, and **(C)** Lineal descendants of Varun Dattani

(iv) Objects and function

The objects and purpose of P&B Family Trust include the following:

(A) To provide, *inter alia,* a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;
(B) To provide for different needs and requirements of the beneficiaries in accordance with the terms of the trust deed depending upon changing life style and their varying needs including, as applicable, boy not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence and (vi) other expenses and contingencies of the beneficiaries;
(C) To ensure that the trust fund is properly managed and administered in accordance with the

provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

(c) ***A&J Family Trust***

(i) Trust information

Our Promoter, A&J Family Trust was formed pursuant to a deed of trust dated November 2, 2021 between Anilkumar Dattani (as settlor) and Jayshree Dattani, Sammir Dattani, Pareshkumar Dattani, Ajaykumar Dattani (as trustees). The office of A&J Family Trust is situated at 33, Sadhana, 5th floor, Navroji Gamadia Road, Off Peddar Road, Cumbala Hill, Mumbai 400026, Maharashtra, India. The PAN of the A&J Family Trust is AAITA8283D.

(ii) Board of trustees

The trustees of A&J Family Trust consist of **(A)** Jayshree Dattani (Managing Trustee) **(B)** Sammir Dattani **(C)** Ajaykumar Dattani and **(D)** Pareshkumar Dattani

(iii) Beneficiaries

The beneficiaries of A&J Family Trust are: **(A)** Jayshree Dattani, and **(B)** Mikesh Dattani

(iv) Objects and function

The objects and purpose of A&J Family Trust include the following:

(A) To provide, *inter alia,* a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;
(B) To provide for different needs and requirements of the beneficiaries in accordance with the terms of the trust deed depending upon changing life style and their varying needs including, as applicable, boy not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence and (vi) other expenses and contingencies of the beneficiaries;
(C) To ensure that the trust fund is properly managed and administered in accordance with the provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

(d) ***Nimbus Trust***

(i) Trust information

Our Promoter, Nimbus Trust was formed pursuant to a deed of trust dated November 2, 2021 between Ajaykumar Dattani (as settlor) and Sonali Dattani, Sammir Dattani, Anilkumar Dattani, Pareshkumar Dattani (as trustees). The office of Nimbus Trust is situated at 3-C, 3rd Floor, Lalit Kunj, 70, Sir Pochankwala Road, Off Worli Sea Face, Worli, Mumbai 400030, Maharashtra, India. The PAN of the Nimbus Trust is AADTN8247M.

(ii) Board of trustees

The trustees of Nimbus Trust consist of **(A)** Sonali Dattani (Managing Trustee) **(B)** Sammir Dattani **(C)** Anilkumar Dattani and **(D)** Pareshkumar Dattani

(iii) Beneficiaries

The beneficiaries of Nimbus Trust are: **(A)** Sonali Dattani, and **(B)** Aakash Dattani

(iv) Objects and function

The objects and purpose of A&J Family Trust include the following:

(A) To provide, *inter alia,* a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;

(B) To provide for different needs and requirements of the beneficiaries in accordance with the terms of the trust deed depending upon changing life style and their varying needs including, as applicable, boy not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence and (vi) other expenses and contingencies of the beneficiaries;

(C) To ensure that the trust fund is properly managed and administered in accordance with the provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

Our Company confirms that the PANs and bank account numbers of the aforementioned trusts would be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Changes in control

There has not been any effective change in the management and control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

Pareshkumar Dattani, Ajaykumar Dattani, Anilkumar Dattani, and Dineshkumar Dattani are the original promoters of our Company. D&G Family Trust, P&G Family Trust, A&J Family Trust and Nimbus Trust are not the original promoters of our Company and became promoters of our Company pursuant to acquisition of Equity Shares of our Company from Dineshkumar Dattani, Pareshkumar Dattani, Anilkumar Dattani and Ajaykumar Dattani, respectively in 2021. For further details, see "*Capital Structure – Details of shareholding of our Promoters and members of the Promoter Group in our Company*", on page 85. There has been no change in control of D&G Family Trust, P&G Family Trust, A&J Family Trust and Nimbus Trust in the last three years preceding the date of this Draft Red Herring Prospectus, as they have been formed on November 2, 2021.

Interest of our Promoters

Our Promoters are interested in our Company to the extent: (1) that they have promoted our Company; (2) of their respective shareholding, the shareholding of their relatives and entities in which the Promoters are interested and which hold Equity Shares in our Company and the dividend payable upon such shareholding, if any, and other distributions in respect of the Equity Shares held by them, their relatives or such entities, if any; (3) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoters hold shares or have an interest, if applicable; and (4) personal guarantees given by all four individual Promoters and mortgage of flat by Pareshkumar Dattani for securing the loans availed by the Company. For further details, see "*Capital Structure*", "*History and Certain Corporate Matters*" "*Offer Document Summary – Summary of Related Party Transactions*" and "*Financial Indebtedness*" on pages 77, 191, 20 and 323, respectively.

Further, Pareshkumar Dattani Ajaykumar Dattani and Anilkumar Dattani, the Promoters of our Company, are also interested of being Directors and Key Management Personnel of our Company and the remuneration, benefits and reimbursement of expenses, payable to them, as per the terms of their employment agreement, as applicable, payable by our Company to them. For further details, see "*Our Management*" on page 197.

Further, our Promoters are also directors on the boards, or are shareholders, trustees, proprietors, members or partners, of certain entities forming part of the Promoter Group, Group Company and other entities with which our Company has had related party transactions and may be deemed to be interested to the extent of the payments made by our Company, if any, to such entities forming part of the Promoter Group, Group Company and such other entities. For the payments that are made by our Company to certain entities forming part of the Promoter Group, Group Company and other related parties, see "*Offer Document Summary – Summary of Related Party Transactions*" on page 20**.**

Our Promoters are not interested in the properties acquired or proposed to be acquired by our Company in the three years preceding the date of filing of the Draft Red Herring Prospectus.

Our Promoters are not interested in any transaction in acquisition of land, construction of building or supply of machinery.

For further details regarding the payments made by our Company to the entities mentioned above, see "*Offer Document Summary – Summary of Related Party Transactions*" on page 20.

Except as disclosed in this Draft Red Herring Prospectus, our Promoters are not interested as a member of a firm or company and, no sum has been paid or agreed to be paid to any of our Promoters or to any firm or company in which our Promoters are interested, in cash or shares or otherwise by any person, either to induce them to become or to qualify them, as directors or promoters or otherwise for services rendered by such Promoter(s) or by such firm or company, in connection with the promotion or formation of our Company.

Except as stated in "*Offer Document Summary – Summary of Related Party Transactions*" on page 20, there has been no payment of any amount or benefit given to our Promoters or Promoter Group during the two years preceding the date of filing of the Draft Red Herring Prospectus nor is there any intention to pay any amount or give any benefit to our Promoters or Promoter Group as on the date of filing of this Draft Red Herring Prospectus.

Companies or firms with which our Promoters have disassociated in the last three years

Our Promoters have not disassociated themselves from any company in the last three years.

Confirmations

Our Promoters have not been declared as Wilful Defaulters.

Our Promoters and members of our Promoter Group have not been 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 are not and have never been promoters, directors or person in control of any other company which is 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 are not involved in any venture that is in the same line of activities or business as that of our Company apart from our Subsidiaries.

Promoter Group

Persons constituting the Promoter Group (other than our Promoters) of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations 2018 are set out below:

Natural persons forming part of our Promoter Group (other than our Promoters):

Sr. No.	Name of the individuals
Pareshkumar Dattani	
1.	Beena Dattani (Spouse)
2.	Vallabhdas Dattani, Anilkumar Dattani, Dineshkumar Dattani, Vinod Dattani (Brothers)
3.	Sudha Kapadia, Chandan Chandarana, Nirupama Sayani, Urmila Karsandas (Sisters)
4.	Varun Dattani, Tanvi Dattani (Children)
5.	Kantilal Suchak (Spouse's Parent)
6.	Chetan Suchak (Spouse's Brother)
7.	Kashmira Mashru (Spouse's Sister)
Ajaykumar Dattani	
1.	Sonali Dattani (Spouse)
2.	Vallabhdas Dattani, Jyotsana Dattani (Parents)
3.	Ekta Joshi (Sister)
4.	Aakash Dattani (Child)
5.	Amit Kanani (Spouse's Brother)
6.	Dipali Engineer (Spouse's Sister)
Anilkumar Dattani	
1.	Jayshree Dattani (Spouse)
2.	Vallabhdas Dattani, Vinod Dattani (Brothers)
3.	Sudha Kapadia, Chandan Chandarana, Nirupama Sayani, Urmila Karsandas (Sisters)
4.	Mikesh Dattani, Anjana Dattani (Children)
5.	Indira Popat (Spouse's Parents)
6.	Sharad Popat, Ajit Popat, Amit Popat (Spouse's Brother)
7.	Varsha Raja (Spouse's Sister)

Sr. No.	Name of the individuals
Dineshkumar Dattani	
1.	Geeta Dattani (Spouse)
2.	Vallabhdas Dattani, Anilkumar Dattani and Vinod Dattani (Brothers)
3.	Sudha Kapadia, Chandan Chandarana, Nirupama Sayani and Urmila Karsandas (Sisters)
4.	Sammir Dattani and Sweta Gandhi (Children)
5.	Jagdish Kothari and Anil Kothari (Spouse's Brothers)
6.	Heena Manek, Dipti Jobanputra and Priti Mukesh Thakkar (Spouse's Sisters)

Entities forming part of our Promoter Group (other than our Promoters):

Sr. No.	Name of the entities
1.	Vajubhai Investments Private Limited
2.	Abhijeet Exports Private Limited
3.	Sreenath Tex-Fab Private Limited
4.	Anikaa Commodities Private Limited
5.	Ramesh Chandra Vishram & Co.
6.	Ramniklal Nandlal Bros.
7.	Ajaykumar Dattani HUF
8.	Varun Dattani HUF
9.	Anilkumar Dattani HUF
10.	Mikesh Dattani HUF
11.	Vrajdas Dattani HUF
12.	Vallabhdas Dattani HUF
13.	Dineshkumar Dattani HUF
14.	Pareshkumar V Dattani HUF
15.	Sammir Dattani HUF
16.	Chetan Suchak HUF
17.	Vinod Dattani HUF
18.	N. M. Stones Private Limited
19.	Spin Travel Services Private Limited

Our Company has filed an application dated January 6, 2022 with SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations, seeking an exemption from identifying and disclosing, Jayesh Suchak, brother-in-law (brother of spouse) of Pareshkumar Dattani and body corporates/entities and HUFs in which the aforementioned individual holds 20% or more of the equity share capital, as members of Promoter Group, and from disclosing information and confirmations regarding and from such natural person(s) and entities, as required under the SEBI ICDR Regulations. Accordingly, the above list of members of our Promoter Group does not include such natural person(s) and entities.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the term "group companies", includes (i) such companies (other than promoter(s) and subsidiary(ies)) with which the relevant issuer company had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the relevant issuer company.

Accordingly, for (i) above, all such companies (other than our Subsidiaries) with which there were related party transactions during the periods covered in the Restated Financial Statement, as covered under the applicable accounting standards, shall be considered as Group Companies in terms of the SEBI ICDR Regulations.

Further, pursuant to the resolution dated November 22, 2021 passed by our Board, other than the companies categorized under (i) above, a company shall be considered "material" and will be disclosed as "group companies" if such companies form part of the Promoter Group and with which there were transactions in the most recent financial year (or relevant sub period, if applicable), which individually or in the aggregate, exceed 1% of the total profit after tax of our Company, as per the Restated Financial Statement.

Accordingly, on the basis of the Materiality Policy for identification of Group Companies, the following company has been identified as our Group Company ("**Group Company**"):

1. *Vajubhai Investments Private Limited*

Details of our Group Company

*Vajubhai Investments Private Limited ("**VIPL**")*

Registered Office The registered office of VIPL is Padma Apartment, Flat 1C, 1st Floor, 16A, Pran Nath Pandit Street, Kolkata, West Bengal 700025 India.

Financial Information

The financial information derived from the audited financial results of VIPL for the Fiscals 2021, 2020 and 2019 as required under the SEBI ICDR Regulations, as amended are available at https://www.sanathan.com/financial-information.php.

Litigation

Our Group Company is not party to any pending litigation which may have a material impact on our Company.

Nature and Extent of Interest of Group Company

In the promotion of our Company

Our Group Company does not have any interest in the promotion of our Company.

a. In the properties acquired by our Company in the past three years prior to filing this Draft Red Herring Prospectus or proposed to be acquired by it

Our Group Company is not interested in the properties acquired by our Company in the past three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company.

b. In transactions for acquisition of land, construction of building, supply of machinery, etc.

Our Group Company is not interested in any transactions for the acquisition of land, construction of building or supply of machinery, etc.

Common Pursuits between our Group Company and our Company

There are no common pursuits between our Group Company and our Company. There is no conflicting interest arising out of such the common pursuits. For further details, see "*Financial Statements - Restated Financial Information- Notes to Restated Financial Statement- Note 31- Related Party Transactions*" at page 273. We shall adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, if and when they may arise.

Related business transactions with the Group Company and significance on the financial performance of our Company

Other than the transactions disclosed in the section "*Financial Information*" and "*Summary of the Offer Document - Summary of Related Party Transactions*" beginning on pages 230 and 20, there are no other related business transactions between the Group Company and our Company.

Business interests of our Group Company in our Company

Except as disclosed in the section "*Financial Statements - Restated Financial Information- Notes to Restated Financial Statement- Note 31- Related Party Transactions*" at page 273, our Group Company do not have or propose to have any business interest in our Company.

Other Confirmations

Our Group Company is offering its shares in the Offer for Sale.

The equity shares of our Group Company are not listed on any stock exchange. Our Group Company has not made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Red Herring Prospectus. For further details, please see the section *"Other Regulatory and Statutory Disclosures- Capital issue during the previous three years by our Company, the listed group companies, subsidiaries and associates of our Company"* beginning on page 340.

None of the securities of our Group Company has been refused listing by any stock exchange in India or abroad during last ten years, nor has our Group Company failed to meet the listing requirements of any stock exchange in India or abroad.

There are no material existing or anticipated transactions in relation to the utilisation of the Offer Proceeds or project cost with our Group Company.

DIVIDEND POLICY

The Board, at its meeting held on November 22, 2021, adopted a dividend distribution policy ("**the Policy**"). The declaration and payment of dividends, if any, 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 other applicable laws, including the Companies Act.

The quantum of dividend, if any, and our ability to pay dividends will depend on a number of factors, including, but not limited to, our Company's profits, past dividend trends, capital requirements, financial commitments and financial requirements including business expansion plans, applicable legal restrictions and other factors considered relevant by our Board. Our Company may also, from time to time, pay interim dividends. We may retain all our future earnings, if any, for use in the operations and expansion of our business. In a year where the profits of the Company are inadequate or there is a loss, the Company would like to utilise the reserves judiciously and the Board may not consider payment of dividend as a viable proposition.

We have not declared any dividends in the last three Fiscals. Further, we have not declared any dividends from April 1, 2021 until September 30, 2021 and from October 1, 2021 until the date of this Draft Red Herring Prospectus.

The amount of dividend paid in the past is not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid, or whether the amount thereof will not be decreased in the future. For details, see "*Risk Factors – 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 50.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Financial Statements
1.	Restated Financial Statement

INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED AND STANDALONE FINANCIAL INFORMATION

The Board of Directors
Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
SRV No. 187/4/1/2, Near Surangi Bridge
Surangi, Dadra and Nagar Haveli
Dadra and Nagar Haveli – 396230

Dear Sirs,

1. We have examined the attached Restated Consolidated and Standalone Financial Information of **Sanathan Textiles Limited** (Formerly known as Sanathan Textiles Private Limited) (the **'Company'** or **'Issuer'**) and its subsidiaries (the Company and its subsidiaries together referred to as the **'Group'**), comprising the Restated Consolidated Statement of Assets and Liabilities as at 30 September 2021, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flow for the six-months period ended September 2021 and Restated Standalone Statement of Assets and Liabilities as at 31 March 2021, 31 March 2020 and 31 March 2019, the Restated Standalone Statement of Profit and Loss (including other comprehensive income), the Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash Flows for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 and the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the **'Restated Consolidated and Standalone Financial Information'**), as approved by the Board of Directors of the Company at their meeting held on 03 January 2022 for the purpose of inclusion in the Draft Red Herring Prospectus **('DRHP')** prepared by the Company in connection with its proposed Initial Public Offer of equity shares (**'IPO'**) 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 (**'SEBI 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 and Standalone Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India (**'SEBI')**, National Stock Exchange of India Limited and BSE Limited (collectively, the **'Stock Exchanges'**) in connection with the proposed IPO. The Restated Consolidated and Standalone Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 to the Restated Consolidated and Standalone 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 and Standalone Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group complies with the Act, SEBI ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated and Standalone 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 11 December 2021 in connection with the proposed IPO of equity shares of the Issuer;
    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 and Standalone Financial Information; and

d. The requirements of section 26 of the Act and the SEBI ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the SEBI ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Consolidated and Standalone Financial Information have been compiled by the management from:

   a. Audited special purpose interim consolidated financial statements of the Group as at and for the six-months period ended 30 September 2021 prepared in accordance with Ind AS 34 'Interim Financial Reporting', specified under section 133 of the Act and other accounting principles generally accepted in India (the **'Special Purpose Interim Consolidated Financial Statements'**) which have been approved by the Board of Directors at their meeting held on 10 December 2021.

   b. Audited financial statements of the Company as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with the 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 at their meetings held on 01 November 2021, 31 October 2020 and 05 September 2019, respectively.

5. For the purpose of our examination, we have relied on:

   a. Auditors' reports issued by us dated 10 December 2021 and 01 November 2021 on the special purpose interim consolidated financial statements of the Group as at and for the six-months period ended 30 September 2021 and the financial statements of the Company as at and for the year ended 31 March 2021, as referred in Paragraph 4 above; and

   b. Auditors' Report issued by the Previous Auditors dated 31 October 2020 and 05 September 2019 on the financial statements of the Company as at and for the years ended 31 March 2020 and 31 March 2019, respectively, as referred in Paragraph 4 above.

   The audits for the financial years ended 31 March 2020 and 31 March 2019 were conducted by the Company's previous auditors, Narendra Kochar & Co., (the **'Previous Auditors'**), and accordingly reliance has been placed on the restated statement of assets and liabilities, restated statement of profit and loss (including other comprehensive income), restated statement of changes in equity and restated statement of cash flow, the summary statement of significant accounting policies and other explanatory information (collectively, the **'2020 and 2019 Restated Financial Information'**) as examined by them for the said years. The examination report included for the said years is based solely on the report submitted by the Previous Auditors. They have also confirmed that the 2020 and 2019 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 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six-months period ended 30 September 2021; and

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

6. As indicated in our audit report for the six-months period ended 30 September 2021:

a. we did not audit financial statements of two subsidiaries whose share of total assets, net assets, total revenues and net cash inflows included in the special purpose interim consolidated financial statements, for the said period is tabulated below, which has been audited by other auditors, Narendra Kochar & Co. and K. Dattani & Co., and whose reports have been furnished to us by the Company's management and our opinion on the special purpose interim 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 million)

Particulars	**As at and for the six-months period ended 30 September 2021**
Total assets	184.00
Net assets	170.80
Total revenues	Nil
Net cash inflows	17.80

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

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

7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditors for the respective years and as per the reliance placed on the examination report submitted by the other auditors for the subsidiaries included in the Group for the period ended 30 September 2021, we report that the Restated Consolidated and Standalone 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 31 March 2021, 31 March 2020 and 31 March 2019 to reflect the same accounting treatment as per the accounting policies and grouping / classifications followed as at and for the six-months period ended 30 September 2021

    b. have been prepared in accordance with the Act, SEBI ICDR Regulations and the Guidance Note.

8. The Restated Consolidated and Standalone Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim consolidated financial statements and audited financial statements mentioned in paragraph 4 above.

9. 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 or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with SEBI and the Stock Exchanges, in connection with the proposed IPO. 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 **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Rajni Mundra
Partner
Membership No.: 058644

UDIN: 22058644AAAAAC6027

Place: Mumbai
Date: 03 January 2022

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Restated consolidated and standalone statement of assets and liabilities

Particulars	Notes	As at 30 September 2021 Consolidated	As at 31 March 2021 Standalone	As at 31 March 2020 Standalone	As at 31 March 2019 Standalone
Assets					
Non-current assets					
a) Property, plant and equipment	3	9,079.68	8,879.29	9,031.14	7,979.73
b) Capital work-in-progress	4	28.90	10.27	12.71	146.18
c) Goodwill	43	19.09	-	-	-
d) Financial assets					
i) Other financial assets	5	54.07	88.39	65.08	253.37
e) Income tax assets (net)	6	35.12	34.56	24.88	-
f) Other non-current assets	7	225.74	68.37	73.26	5.63
Total non-current assets		**9,442.60**	**9,080.98**	**9,207.07**	**8,384.91**
Current assets					
a) Inventories	8	3,781.90	2,988.92	2,448.60	2,683.81
b) Financial assets					
i) Investments	9	25.00	-	-	-
ii) Trade receivables	10	1,525.41	1,294.91	1,011.64	1,148.73
iii) Cash and cash equivalents	11	743.95	265.31	28.96	206.97
iv) Other bank balances	12	30.30	323.90	151.60	58.73
v) Other financial assets	5	563.52	296.56	223.00	22.30
c) Other current assets	7	1,613.63	2,169.28	1,450.21	940.37
Total current assets		**8,283.71**	**7,338.88**	**5,314.01**	**5,060.91**
Total assets		**17,726.31**	**16,419.86**	**14,521.08**	**13,445.82**
Equity and liabilities					
Equity					
a) Equity share capital	13	719.43	719.43	719.43	719.43
b) Other equity	14	7,290.89	5,589.68	3,724.27	3,275.63
Total equity		**8,010.32**	**6,309.11**	**4,443.70**	**3,995.06**
Liabilities					
Non-current liabilities					
a) Financial liabilities					
i) Borrowings	15	3,170.50	3,984.42	4,296.80	3,584.56
b) Provisions	16	65.70	54.40	50.24	42.89
c) Deferred tax liabilities (net)	17	592.02	532.55	364.39	236.13
d) Other non-current liabilities	18	24.20	0.20	51.70	24.98
Total non-current liabilities		**3,852.42**	**4,571.57**	**4,763.13**	**3,888.56**
Current liabilities					
a) Financial liabilities					
i) Borrowings	15	1,358.50	1,427.21	2,199.25	2,107.45
ii) Trade payables	19				
total outstanding dues of micro enterprises and small enterprises		4.90	3.92	7.60	12.32
total outstanding dues of creditors other than micro enterprises and small enterprises		3,778.25	3,549.86	2,460.40	3,010.12
iii) Other financial liabilities	20	449.43	288.22	545.50	277.94
b) Other current liabilities	18	82.60	197.31	85.32	97.61
c) Provisions	16	29.29	26.93	16.18	17.40
d) Income tax liabilities (net)		160.60	45.73	-	39.36
Total current liabilities		**5,863.57**	**5,539.18**	**5,314.25**	**5,562.20**
Total liabilities		**9,715.99**	**10,110.75**	**10,077.38**	**9,450.76**
Total equity and liabilities		**17,726.31**	**16,419.86**	**14,521.08**	**13,445.82**

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these restated consolidated and standalone financial information.

This is the restated consolidated and standalone statement of assets and liabilities referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

For and on behalf of the Board of Directors

Rajni Mundra
Partner
Membership No. 058644

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and Compliance Officer
Membership No. 44812

Place: Mumbai
Date: 03 January 2022

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Restated consolidated and standalone statement of profit and loss

Particulars	Notes	For the period 1 April 2021 to 30 September 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
		Consolidated	Standalone	Standalone	Standalone
Income					
a) Revenue from operations	21	14,309.40	19,183.55	21,166.00	23,403.90
b) Other income	22	79.40	146.15	68.99	61.36
Total income		**14,388.80**	**19,329.70**	**21,234.99**	**23,465.26**
Expenses					
a) Cost of materials consumed		9,221.50	11,012.69	14,183.53	16,795.84
b) Purchases of stock-in-trade		268.20	159.73	14.47	11.45
c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(575.59)	34.34	175.84	(67.39)
d) Employee benefits expense	24	373.70	867.61	718.95	610.93
e) Finance costs	25	203.70	500.86	426.85	505.41
f) Depreciation expense	26	207.86	397.69	1,027.80	1,066.88
g) Other expenses	27	2,409.53	3,829.74	3,946.66	3,706.37
Total expenses		**12,108.90**	**16,802.66**	**20,494.10**	**22,629.49**
Profit before tax		**2,279.90**	**2,527.05**	**740.89**	**835.78**
Tax expense					
a) Current tax	28	525.10	516.20	270.73	202.25
b) Deferred tax	17	47.03	154.36	11.31	85.38
c) Prior years' tax adjustments	28	-	0.17	(1.31)	(4.11)
		572.13	**670.73**	**280.73**	**283.52**
Profit for the period / year		**1,707.78**	**1,856.31**	**460.16**	**552.26**
Other comprehensive (loss) / income					
a) Items that will not be reclassified to profit or loss					
Re-measurement (loss) / gain on defined benefit plan		(5.40)	(1.02)	4.82	(6.24)
Income-tax relating to items that will not be reclassified to profit or loss		1.36	0.30	(1.70)	2.50
b) Items that will be reclassified to profit or loss					
Net changes in the fair value in cash flow hedge		-	3.33	(10.99)	11.30
Income-tax relating to items that will be reclassified to profit or loss		-	(0.80)	3.70	(3.95)
Other comprehensive income / (loss) for the period / year		**(4.04)**	**1.81**	**(4.17)**	**3.61**
Total comprehensive income for the period / year		**1,703.73**	**1,858.12**	**455.99**	**555.87**
Earnings per share (face value of Rs. 10 each)	29				
Basic earnings per share (in Rupees)		23.75 *	25.80	6.40	7.68
Diluted earnings per share (in Rupees)		23.75 *	25.80	6.40	7.68

* Not annualised

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these restated consolidated and standalone financial information.

This is the restated consolidated and standalone statement of profit and loss referred to in our report of even date.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

For and on behalf of the Board of Directors

Rajni Mundra
Partner
Membership No. 058644

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and
Compliance Officer
Membership No. 44812

Place: Mumbai
Date: 03 January 2022

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Restated consolidated and standalone statement of cash flows

Particulars		For the period 1 April 2021 to 30 September 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
		Consolidated	Standalone	Standalone	Standalone
(A) Cash flow from operating activities					
Profit before tax		**2,279.90**	**2,527.05**	**740.89**	**835.78**
Adjustments for non-cash transactions and items considered separately					
Depreciation expense		207.86	397.69	1,027.80	1,066.88
Re-measurement (loss) / gain on defined benefit plan		(5.40)	(1.02)	4.82	(6.24)
(Gain) / loss on disposal of property, plant and equipment (net)		(8.90)	(0.42)	0.72	1.06
Interest income on bank deposits		(13.30)	(18.06)	(28.26)	(21.49)
Finance costs		203.70	500.86	426.85	505.41
Net loss / (gain) on foreign currency translation		12.60	12.94	160.79	(10.97)
Liabilities / provisions no longer required, written back		(1.20)	(26.92)	(1.16)	(2.63)
Adjustment for government grant		(26.30)	(31.97)	(18.52)	(55.51)
Net changes in the fair value in cash flow hedge		-	10.62	(18.34)	2.38
Net changes in the fair value of derivative financial instruments		3.90	(3.68)	26.95	(39.00)
Inventory written off		-	26.40	-	-
Sundry balances written off		1.10	4.75	-	-
Creation / (reversal) of allowance for expected credit loss (net)		12.30	(0.37)	(7.40)	9.42
Cash flow before changes in working capital		**2,666.26**	**3,397.87**	**2,315.14**	**2,285.09**
Changes in working capital					
Trade payables		225.07	1,112.70	(553.15)	(477.74)
Provisions and other liabilities		70.24	(86.11)	242.36	32.99
Inventories		(792.98)	(566.72)	235.21	(30.28)
Trade receivables		(233.00)	(300.59)	(16.30)	(73.71)
Other financial and non-financial assets		310.30	(714.99)	(585.91)	(348.01)
Cash generated from operations before taxes		**2,245.89**	**2,842.16**	**1,637.35**	**1,388.34**
Income taxes paid (net of refunds)		(413.62)	(467.02)	(214.71)	(200.03)
Net cash generated from operating activities	**(A)**	**1,832.27**	**2,375.14**	**1,422.64**	**1,188.31**
(B) Cash flow from investing activities					
Investment in property, plant and equipment		(184.32)	(292.58)	(1,917.49)	(337.72)
Proceeds from disposal of property, plant and equipment		14.07	1.08	16.80	177.44
Deposits matured / (placed)		80.78	(267.74)	(116.02)	283.65
Payment for acquisition of subsidiary, net of cash acquired (refer note 43)		(134.90)	-	-	-
Investment made in mutual funds		(25.00)	-	-	-
Interest received on bank deposits		13.30	18.06	28.26	21.49
Net cash (used in) / generated from investing activities	**(B)**	**(236.07)**	**(541.18)**	**(1,988.45)**	**144.86**
(C) Cash flow from financing activities					
(Repayment) / availment of cash credit facilities and short term borrowings		(81.61)	(772.04)	91.80	304.45
Long-term borrowings availed		273.10	616.59	1,512.11	-
Repayment of long-term borrowings		(1,105.20)	(928.97)	(799.87)	(1,255.85)
Payment of interest		(203.95)	(513.19)	(416.24)	(502.55)
Net cash (used in) / generated from financing activities	**(C)**	**(1,117.66)**	**(1,597.61)**	**387.80**	**(1,453.95)**
Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**	**478.54**	**236.35**	**(178.01)**	**(120.78)**
Add: Cash and cash equivalents at the beginning of the period / year		265.31	28.96	206.97	327.75
Add: Cash acquired under business combination (refer note 43)		0.10	-	-	-
Cash and cash equivalents at the end of the period / year		**743.95**	**265.31**	**28.96**	**206.97**
Notes to restated consolidated and standalone statement of cash flows:					
Cash and cash equivalents at the end of the period / year comprise of :					
Balances with banks in current accounts		743.64	264.98	0.36	48.31
Bank deposit with original maturity of less than three months		-	-	28.20	158.40
Cash on hand		0.31	0.33	0.40	0.26
Total		**743.95**	**265.31**	**28.96**	**206.97**

The restated consolidated and standalone statement of cash flows has been prepared under indirect method as set out in Ind AS 7 'Statement of Cash Flows' specified under section 133 of the Companies Act, 2013 (the 'Act').

This is the restated consolidated and standalone statement of cash flows referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. : 001076N/N500013

For and on behalf of the Board of Directors

Rajni Mundra
Partner
Membership No. 058644

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary
and Compliance
Officer
Membership No. 44812

Place: Mumbai
Date: 03 January 2022

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Restated consolidated and standalone statement of changes in equity

A. Equity share capital

Particulars	Note	Number of shares	Amount
Issued, subscribed and paid-up equity share capital			
Equity shares of Rs. 10 each			
As at 1 April 2018	13	**1,19,90,500**	**119.91**
Bonus shares issued during the year		5,99,52,500	599.52
As at 30 March 2019	13	**7,19,43,000**	**719.43**
Issued during the year		-	-
As at 30 March 2020	13	**7,19,43,000**	**719.43**
Issued during the year		-	-
As at 30 March 2021	13	**7,19,43,000**	**719.43**
Issued during the period		-	-
As at 30 September 2021	13	**7,19,43,000**	**719.43**

B. Other equity (refer note 14)

Particulars	Reserves and surplus					Total
	Securities premium	General reserve	Retained earnings		Cash flow hedge reserve	
			Other retained earnings	Re-measurement of defined benefit plan		
Balance as at 1 April 2018	**223.38**	**2,350.00**	**848.09**	**(4.62)**	**8.92**	**3,425.77**
Restatement adjustments	-	-	(97.56)	-	-	(97.56)
Reclassification adjustments	-	-	6.97	(6.97)	-	-
Restated balance as at 1 April 2018	**223.38**	**2,350.00**	**757.50**	**(11.59)**	**8.92**	**3,328.21**
(a) Profit for the year	-	-	552.26	-	-	552.26
(b) Other comprehensive income						
Re-measurement loss on defined benefit plan	-	-	-	(3.74)	-	(3.74)
Net changes in the fair value in cash flow hedge	-	-	-	-	7.35	7.35
Total comprehensive income (a+b)	**-**	**-**	**552.26**	**(3.74)**	**7.35**	**555.87**
(c) Issue of bonus shares	(223.38)	(376.15)	-	-	-	(599.53)
(d) Transfer from retained earnings to general reserve	-	250.00	(250.00)	-	-	-
(e) Transfer from cash flow hedge reserve to profit or loss	-	-	-	-	(8.92)	(8.92)
Balance as at 31 March 2019	**-**	**2,223.85**	**1,059.76**	**(15.33)**	**7.35**	**3,275.63**
(f) Profit for the year	-	-	460.16	-	-	460.16
(g) Other comprehensive income						
Re-measurement gain on defined benefit plan	-	-	-	3.12	-	3.12
Net changes in the fair value in cash flow hedge	-	-	-	-	(7.29)	(7.29)
Total comprehensive income (f+g)	**-**	**-**	**460.16**	**3.12**	**(7.29)**	**455.99**
(h) Transfer from retained earnings to general reserve	-	100.00	(100.00)	-	-	-
(i) Transfer from cash flow hedge reserve to profit or loss	-	-	-	-	(7.35)	(7.35)
Balance as at 31 March 2020	**-**	**2,323.85**	**1,419.92**	**(12.21)**	**(7.29)**	**3,724.27**
(j) Profit for the year	-	-	1,856.31	-	-	1,856.31
(k) Other comprehensive income						
Re-measurement loss on defined benefit plan	-	-	-	(0.72)	-	(0.72)
Net changes in the fair value in cash flow hedge	-	-	-	-	2.53	2.53
Total comprehensive income (j+k)	**-**	**-**	**1,856.31**	**(0.72)**	**2.53**	**1,858.12**
(l) Transfer from cash flow hedge reserve to profit or loss	-	-	-	-	7.29	7.29
Balance as at 31 March 2021	**-**	**2,323.85**	**3,276.23**	**(12.93)**	**2.53**	**5,589.68**
(m) Profit for the period	-	-	1,707.78	-	-	1,707.78
(n) Other comprehensive income						
Re-measurement loss on defined benefit plan	-	-	-	(4.04)	-	(4.04)
Total comprehensive income (m+n)	**-**	**-**	**1,707.78**	**(4.04)**	**-**	**1,703.74**
(o) Transfer from cash flow hedge reserve to profit or loss	-	-	-	-	(2.53)	(2.53)
Balance as at 30 September 2021	**-**	**2,323.85**	**4,984.01**	**(16.97)**	**-**	**7,290.89**

The accompanying summary of significant accounting policies and other explanatory information are an integral part of these restated consolidated and standalone financial information.

This is the restated consolidated and standalone statement of changes in equity referred to in our report of even date.

For Walker, Chandiok & Co LLP
Chartered Accountants
Firm's Registration No. : 001076N/N500013

For and on behalf of the Board of Directors

Rajni Mundra
Partner
Membership No. 058644

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

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Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and
Compliance Officer
Membership No. 44812

Place: Mumbai
Date: 03 January 2022

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary statement of significant accounting policies and other explanatory information to the restated consolidated and standalone financial information

1. Corporate information

Sanathan Textiles Limited (formerly known as Sanathan Textiles Private Limited) ('Sanathan' or 'Holding Company') is a company domiciled in India under the provisions of the erstwhile Companies Act, 1956. Sanathan has been converted from Private Limited Company to Unlisted Public Limited Company pursuant to special resolution passed at the Extraordinary General Meeting of the shareholders held on 12 November 2021 and consequently the name has been changed to Sanathan Textiles Limited, and a revised certificate of incorporation dated 18 November 2021, consequent to the aforementioned change, has been issued by the Ministry of Corporate Affairs. Sanathan has its registered office located at SRV No. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra and Nagar Haveli (district), Dadra and Nagar Haveli, India - 396230.

Sanathan is engaged in the manufacture of polyester, texturized and cotton yarn (POY - Partially Oriented Yarn, FDY - Fully Drawn Yarn, DTY – Draw Textured Yarn, ATY - Air Textured Yarn, twisted yarn and polyester chips).

On 20 April 2021, Sanathan incorporated a wholly owned subsidiary company, Sanathan Polycot Private Limited ('SPPL') which is in the business of manufacturing of polyester, texturized and cotton yarn and related textile products.

Further on 26 September 2021, Sanathan acquired 100% equity shares of Universal Texturisers Private Limited ('UTPL'). UTPL is also in the business of manufacturing polyester, texturized and cotton yarn and related textile products.

Sanathan, along with the aforementioned subsidiary companies is hereinafter collectively referred to as the 'Group'.

2. Basis of preparation and presentation

2.1 General information and statement of compliance:

The Restated consolidated and standalone financial information comprise of the restated consolidated statement of asset and liabilities as at 30 September 2021, restated consolidated statement of profit and loss (including other comprehensive income), restated consolidated statement of cash flows and restated consolidated changes in equity for six-months period ended 30 September 2021 and the summary statement of significant accounting policies and other explanatory information and restated standalone statement of asset and liabilities as at 31 March 2021, 31 March 2020 and 31 March 2019 and restated standalone statement of profit and loss (including other comprehensive income), restated standalone statement of cash flows and restated standalone changes in equity for years ended 31 March 2021, 31 March 2020 and 31 March 2019 and the summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as 'Restated consolidated and standalone financial information').

The Restated consolidated and standalone financial information has been approved by the Board of Directors of Sanathan at their meeting held on 03 January 2022 and has been specifically prepared for inclusion in the document to be filed by Sanathan with the Securities and Exchange Board of India ('SEBI') in connection with the proposed Initial Public Offer of equity shares ('IPO') of Sanathan (referred to as the 'Issue'). The Restated consolidated and standalone financial information has been prepared by the management of Sanathan to comply in all material respects with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the 'Act'); and
b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ('SEBI ICDR Regulations').

The Restated consolidated and standalone financial information has been compiled by the management from audited special purpose interim consolidated financial statements of the Group as at and for the six-months period ended 30 September 2021 and the audited financial statements of the Holding Company as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with the Indian Accounting Standards (referred to as 'Ind AS') as prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 10 December 2021, 1 November 2021, 31 October 2020 and 5 September 2019, respectively.

The accounting policies have been consistently applied by the Holding Company in preparation of the Restated consolidated and standalone financial information and are consistent with those adopted in the preparation of special purpose interim consolidated financial statements for the six-months period ended 30 September 2021. This Restated consolidated and standalone financial information does not reflect the effects of events that occurred subsequent to the respective dates of the board meeting held for the approval of the special purpose interim consolidated financial statements as at and for the six-months period ended 30 September 2021 and the financial statements as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 as mentioned above.

The Restated consolidated and standalone financial information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

a) Adjustments to the profits or losses of the earlier periods and of the period in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those periods would have been if a uniform accounting policy was followed in each of these periods, if any;

b) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the special purpose interim consolidated financial statements of the Group for the six-months period ended 30 September and the requirements of the SEBI ICDR Regulations, if any; and

c) The resultant impact of tax due to the aforesaid adjustments, if any.

All amounts included in the Restated consolidated and standalone financial information are reported in Indian Rupees ('INR') in millions unless otherwise stated and "0" denotes amounts less than five hundred thousand Rupees.

2.2 Basis of measurement:

The restated consolidated and standalone financial information have been prepared on historical cost basis except for the following material items that have been measured at fair value:

i. Certain financial assets and liabilities (including derivative financial instruments) measured at fair value (refer accounting policy on financial instruments); and
ii. Defined benefit plan measured using actuarial valuation.

2.3 Principles of consolidation

A subsidiary is an entity 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 de-consolidated from the date that control ceases.

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

The restated consolidated and standalone financial information have been prepared in accordance with Ind AS 110 'Consolidated Financial Statements' and on the basis of separate audited financial statements of the Holding Company and the subsidiaries.

The restated consolidated and standalone financial information of the Group are combined on a line- by-line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or loss in accordance with Ind AS 110.

All the consolidated subsidiaries have a consistent reporting date of the balance sheet of the Holding Company.

Non-controlling interests, if any, in the results and equity of subsidiary companies are shown separately in the restated consolidated statement of profit and loss, restated consolidated statement of changes in equity and restated consolidated statement of asset and liabilities.

List of subsidiary companies considered in the restated consolidated and standalone financial information:

Name of the subsidiary company*	**Name of the parent company**	**County of incorporation**	**% Holding as at 30 September 2021**
Sanathan Polycot Private Limited (with effect from 20 April 2021)	Sanathan Textiles Limited	India	100.00%
Universal Texturisers Private Limited (with effect from 26 September 2021)	Sanathan Textiles Limited	India	100.00%

* Principal business activity of both the subsidiary companies is “Textile manufacturing”

2.4 Use of estimate and judgement:

The preparation of restated consolidated and standalone financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the restated consolidated and standalone financial information.

a) **Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group’s future taxable income (supported by reliable evidence) against which the deferred tax assets can be utilised.

b) **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

c) **Contingent liabilities** – At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

d) **Impairment of financial assets –** At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the Group assesses the expected credit losses on outstanding receivables. Further, respective management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.

e) **Defined benefit obligation ('DBO') –** Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

f) **Useful lives of depreciable assets –** Group reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

g) **Government grant –** Grants receivables are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance obligation period.

h) **Fair value measurements –** Group applies valuation techniques to determine fair value of equity shares (where active market quotes are not available). This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares.

i) **Impairment of assets -** In assessing impairment, Group estimates the recoverable amounts of each asset (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.

j) **Provisions -** Provisions are recognised when the Group has a present obligation as a result of past event 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 defined benefit plan) are not discounted to their present value and are determined based on best estimate of the amount 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.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

2.5 Summary of significant accounting policies:

(i) Functional and presentation currency

Items included in the restated consolidated and standalone financial information of the Group are measured using the currency of the primary economic environment in which the Group operates i.e., the 'functional currency'. The restated consolidated and standalone financial information are presented in INR, which is the functional and presentation currency of the Group.

(ii) Foreign currency transactions and translations

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the restated consolidated and standalone statement of profit and loss in the year in which they arise.

(iii) Financial instruments

a. Initial recognition and measurement

The Group recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets that are not at fair value through profit or loss (‘FVTPL’) are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The fair value of a financial liability at initial recognition is normally the transaction price. If the Group determines that the fair value at initial recognition differs from the transaction price, difference between the fair value at initial recognition and the transaction price shall be recognised as gain or loss unless it qualifies for recognition as an asset or liability. This normally depends on the relationship between the lender and borrower or the reason for providing the loan.

In accordance with Ind AS 113 ‘Fair Value Measurement’, the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The Group’s financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

b. Subsequent measurement

Non derivative financial instruments

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

(b) Financial assets at fair value through other comprehensive income ('FVOCI')
A financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets at FVTPL
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(d) Financial liabilities
The measurement of financial liabilities depends on their classification.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the restated consolidated and standalone statement of profit and loss, unless and to the extent capitalised as part of costs of an asset.

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

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(e) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in other comprehensive income and accumulated under cash flow hedge reserve. The Group classifies its forward contract that hedge foreign currency risk associated as cash flow hedge and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in the restated consolidated and standalone statement of profit and loss and is included in the 'other expense / other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the restated consolidated and standalone statement of profit and loss in the periods when the hedged item affects the restated consolidated and standalone statement of profit and loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss at that time remains in equity until the forecast transaction occurs and when the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity are immediately reclassified to restated consolidated and standalone statement of profit and loss within other income.

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c. De-recognition of financial instruments

The Group derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the restated consolidated and standalone statement of profit and loss.

d. Offsetting financial instruments

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

(iv) Current versus non-current classification

(i) An asset is considered as current when it is:

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

(ii) All other assets are classified as non-current.

(iii) Liability is considered as current when it is:

a. Expected to be settled in the normal operating cycle, or
b. Held primarily for the purpose of trading, or
c. Due to be settled within twelve months after the reporting period, or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(iv) All other liabilities are classified as non-current.

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

(vi) All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

(v) Property, plant and equipment ('PPE')

Recognition and initial measurement

PPE are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs and disposal
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repair and maintenance costs are recognised in restated consolidated and standalone statement of profit and loss as incurred.

Items such as spare parts are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

An item of PPE initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in restated consolidated and standalone statement of profit and loss when the asset is de-recognised.

Capital work-in-progress includes PPE under construction and not ready for intended use as on the balance sheet date.

Subsequent measurement (depreciation and useful lives)
Freehold land is carried at historical cost (after adjustment of fair value at the time of transition to Ind AS) and is a non-depreciable asset. All other items of PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on a straight-line basis, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Act, except for plant and equipment wherein based on the technical evaluation, useful life has been estimated to be 8 to 25 years.

Class of PPE	**Useful life**
Buildings	30-60 years
Computers	3 - 6 years
Electrical installations and equipment	10 years
Furniture and fixtures	10 years
Factory equipment	15 years
Laboratory equipment	10 years
Office equipment	5 years
Vehicles	8-10 years
Plant and equipment	8-25 years

The residual values are not more than 5% of the original cost of the PPE. The residual values, useful lives and method of depreciation of are reviewed at each reporting date.

(vi) Leases

Group as a lessee – Right of use ('ROU') assets and lease liabilities

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Classification of leases
The Group enters into leasing arrangements for various assets. The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/purchase etc.

Recognition and initial measurement of ROU assets
At lease commencement date, the Group recognises a ROU asset and a lease liability on the restated consolidated and standalone balance sheet. The ROU asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement of ROU assets
The Group depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

Lease liabilities
At lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the ROU asset.

The Group has elected to account for short-term leases and low value leases using the practical expedients. Instead of recognising a ROU asset and lease liability, the payments in relation to these short-term leases and low value leases are recognised as an expense in restated consolidated and standalone statement of profit and loss on a straight-line basis over the lease term.

The Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight-line basis over the lease-term.

(vii)Impairment of assets

(a) Non-financial assets
Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(b) Financial assets
The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets and the impairment methodology depends on whether there has been a significant increase in credit risk.

Trade receivables
In respect of trade receivables, the Group applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets
In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

(viii) Employee benefits

(a) Long-term employee benefits

(i) Defined contribution plan
The Group has defined contribution plan for post-employment benefits in the form of provident fund, and employees' state insurance fund. Under the defined contribution plan, the Group has no further obligation beyond making the contributions. Such contributions are charged to the restated consolidated and standalone statement of profit and loss as incurred.

(ii) Defined benefit plan
The Group has defined benefit plan for post-employment benefits in the form of gratuity for its employees in India. Liability for defined benefit plan is provided on the basis of actuarial valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. The liability recognised in the restated consolidated and standalone financial information in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Discount factors are determined close to each period-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Group's defined benefit plan is included in employee benefits expense.

Actuarial gains or losses are recognised in other comprehensive income. Interest expense recognised in restated consolidated and standalone statement of profit and loss is calculated by applying the discount rate used to measure the defined benefit obligation to the defined benefit liability.

(b) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, incentives etc. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the restated consolidated and standalone balance sheet.

(ix) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed unless the likelihood of an outflow of resources is remote and there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent asset is not recognised in the restated consolidated and standalone financial information. However, it is recognised only when an inflow of economic benefits is probable.

(x) Borrowing cost

Borrowing costs includes interest expense on borrowings calculated using the EIR, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (‘qualifying asset’) are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. EIR calculation does not include exchange differences.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(xi) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of raw material comprises of cost of purchase and other cost incurred in bringing the inventory to their present condition and location. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. Cost is determined on a moving weighted average basis.

The cost of finished goods, intermediate goods and work-in-progress includes cost of direct materials and labour and a proportion of variable and apportionable fixed overhead expenditure based on the normal operating capacity.

In case of traded goods, cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a moving weighted average basis.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Further, inventories contain stores and packing materials. Adequate allowances are recognised as a measure of consumption over their expected life based on their usage.

Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

(xii) Income recognition

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products. Revenue is measured net of rebates, discounts and taxes. The Group applies the revenue recognition criteria to each component of the revenue transaction as set out below:

Sale of products
Revenue from sale of products is recognised when the Group satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset which is generally on dispatch of goods. In cases where performance obligations are satisfied upon delivery, the revenue is recognised upon such delivery.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods and services tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts.

Revenue (other than sale of products)
Revenue (other than sale of products) is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(b) Other operating revenue

It majorly includes export incentives. Export incentives constituting duty drawback, incentives under Merchandise Exports from India Scheme (MEIS) and Duty-drawback Scheme which are accounted for on accrual basis where there is reasonable assurance that the Group will comply with the conditions attached to them and the export benefits will be received. Export incentives under Export Promotion Capital Goods (EPCG) is notified by Government of India and are accounted for in the year of exports based on eligibility and when there is no uncertainty in its recognition.

(c) Interest income

Interest income is recorded on accrual basis using the EIR method.

(d) Dividend

Dividend income is recognised when the Group's right to receive dividend is established, which is generally when shareholders approve the dividend.

(e) Other income

Other income is recognised when no significant uncertainty as to its determination and realisation exists.

(xiii) Taxes

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in restated consolidated and standalone statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The current income-tax charge is calculated on the basis of the tax laws enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the restated consolidated and standalone financial information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

(xiv) Earnings per share

Basic earnings per share is calculated by dividing the restated consolidated and standalone net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares of the Holding Company outstanding during the period. The weighted average number of equity shares outstanding during the period / year is adjusted for events including a bonus issue or share split.

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

(xv) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

For the purpose of the restated consolidated and standalone statement of cash flows, cash and cash equivalents consist of cash, balance in current accounts with banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(xvi) Contributed equity

Equity shares of the Holding Company are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xvii) Government grants

Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants related to or used for assets are included in the balance sheet as deferred government grant and recognised as income in the restated consolidated and standalone statement of profit and loss in the proportion of export obligations that have been discharged.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

(xviii) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Non-current investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of these investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the restated consolidated and standalone statement of profit and loss.

(xix) Business combination

The Group accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Control exists 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 power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the restated consolidated and standalone statement of profit and loss.

Transaction costs that the Group incurs in connection with a business combination, such as finder’s fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets.

Any goodwill that arises on account of such business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

(xx) Intangible assets - Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity indicate the carrying amount of goodwill relating to the entity sold.

(xxi) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors of the Group, who are considered as chief operating decision maker ('CODM').

(xxii) Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to assist users in understanding the financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

(xxiii) Events after the reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the restated consolidated and standalone financial information. Where the events are indicative of conditions that arose after the reporting period, the amounts are not adjusted, but are disclosed if those non-adjusting events are material.

(xxiv) Recent accounting pronouncements

Amendments to Schedule III to the Act

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Act. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. The revised Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended, prescribes certain presentation amendments and additional disclosures. The Group has complied with the applicable changes in the current and previous periods.

(All amounts in Rupees millions, unless otherwise stated)

Note 3 : Property, plant and equipment ('PPE')

Particulars	Freehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Electrical installations and equipment	Office equipment	Factory equipment	Laboratory equipment	Computers	Total
Gross block											
As at 1 April 2018	1,050.00	2,264.00	9,170.89	20.97	80.69	404.05	7.48	116.42	65.87	58.35	13,238.72
Additions	-	25.80	109.37	0.72	19.65	7.42	1.60	19.88	2.88	1.58	188.90
Deletions / adjustments	-	-	4.20	-	14.34	-	-	-	-	-	18.54
As at 31 March 2019	**1,050.00**	**2,289.80**	**9,276.06**	**21.69**	**86.00**	**411.47**	**9.08**	**136.30**	**68.75**	**59.93**	**13,409.08**
Additions	-	427.64	1,494.68	1.04	12.64	122.25	0.56	26.61	8.92	2.49	2,096.83
Deletions / adjustments	-	-	25.75	-	0.81	-	-	0.19	-	-	26.75
As at 31 March 2020	**1,050.00**	**2,717.44**	**10,744.99**	**22.73**	**97.83**	**533.72**	**9.64**	**162.72**	**77.67**	**62.42**	**15,479.16**
Additions	-	31.95	77.55	1.33	71.12	48.52	0.87	13.93	0.58	0.55	246.40
Deletions / adjustments	-	-	-	-	8.70	-	-	0.26	-	-	8.96
As at 31 March 2021	**1,050.00**	**2,749.39**	**10,822.54**	**24.06**	**160.25**	**582.24**	**10.51**	**176.39**	**78.25**	**62.97**	**15,716.60**
Additions	2.48	-	250.03	-	14.16	-	2.19	-	0.29	1.44	270.59
Acquisition through business combination (refer note 43)	-	142.60	-	0.02	-	-	0.09	-	-	0.12	142.83
Deletions / adjustments	-	-	20.20	-	4.53	-	-	-	-	-	24.73
As at 30 September 2021	**1,052.48**	**2,891.99**	**11,052.37**	**24.08**	**169.88**	**582.24**	**12.79**	**176.39**	**78.54**	**64.53**	**16,105.29**
Accumulated depreciation											
As at 1 April 2018	-	431.18	3,590.05	9.61	39.50	192.76	5.40	25.97	26.98	51.43	4,372.88
Charge for the year	-	63.29	945.58	1.84	8.29	31.51	0.93	7.61	5.41	2.42	1,066.88
Reversal on deletions / adjustments	-	-	0.68	-	9.73	-	-	-	-	-	10.41
As at 31 March 2019	**-**	**494.47**	**4,534.95**	**11.45**	**38.06**	**224.27**	**6.33**	**33.58**	**32.39**	**53.85**	**5,429.35**
Charge for the year	-	65.18	905.96	1.84	8.61	29.74	0.74	8.39	5.56	1.78	1,027.80
Reversal on deletions / adjustments	-	-	8.73	-	0.49	-	-	0.01	-	-	9.23
As at 31 March 2020	**-**	**559.65**	**5,432.18**	**13.29**	**46.18**	**254.01**	**7.07**	**41.96**	**37.95**	**55.63**	**6,447.92**
Charge for the year	-	77.35	251.09	1.90	9.96	39.15	0.77	9.96	5.73	1.78	397.69
Reversal on deletions / adjustments	-	-	-	-	8.19	-	-	0.11	-	-	8.30
As at 31 March 2021	**-**	**637.00**	**5,683.27**	**15.19**	**47.95**	**293.16**	**7.84**	**51.81**	**43.68**	**57.41**	**6,837.31**
Charge for the period	-	39.19	127.65	1.00	8.88	21.72	0.37	5.41	2.80	0.84	207.86
Reversal on deletions / adjustments	-	-	15.26	-	4.30	-	-	-	-	-	19.56
As at 30 September 2021	**-**	**676.19**	**5,795.66**	**16.19**	**52.53**	**314.88**	**8.21**	**57.22**	**46.48**	**58.25**	**7,025.61**
Net block											
As at 31 March 2019	1,050.00	1,795.33	4,741.11	10.24	47.94	187.20	2.75	102.72	36.36	6.08	7,979.73
As at 31 March 2020	1,050.00	2,157.79	5,312.81	9.44	51.65	279.71	2.57	120.76	39.72	6.79	9,031.14
As at 31 March 2021	1,050.00	2,111.39	5,139.27	8.87	111.30	289.08	2.67	124.58	34.57	5.56	8,879.29
As at 30 September 2021	1,052.48	2,215.80	5,256.71	7.89	117.35	267.36	4.58	119.17	32.06	6.28	9,079.68

(i) Disclosure for expenses capitalised to the carrying value of PPE

For the period / year ended	Amount
30 September 2021	-
31 March 2021	-
31 March 2020	78.58
31 March 2019	2.27

(ii) Refer note 15 for information on PPE provided as collateral or security for borrowings or finance facilities availed by the Group.
(iii) Refer note 37(ii) for capital commitments.

(All amounts in Rupees millions, unless otherwise stated)

Note 4 : Capital work-in-progress ('CWIP')

CWIP ageing schedule

As at 30 September 2021

Particulars	Amount of the CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	26.25	2.65	-	-	**28.90**
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2021

Particulars	Amount of the CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	9.44	0.83	-	-	**10.27**
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2020

Particulars	Amount of the CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	12.71	-	-	-	**12.71**
Projects temporarily suspended	-	-	-	-	-

As at 31 March 2019

Particulars	Amount of the CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	146.18	-	-	-	**146.18**
Projects temporarily suspended	-	-	-	-	-

(This space has been intentionally left blank)

(All amounts in Rupees millions, unless otherwise stated)

Note 5: Other financial assets

	As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Unsecured, considered good								
Security deposits	3.97	3.72	4.18	-	4.00	-	3.97	-
Bank deposits with maturity of more than twelve months*	50.10	-	84.21	-	61.08	-	249.40	-
Bank deposits having remaining maturity less than twelve months*	-	530.50	-	283.57	-	211.44	-	-
Derivative financial asset (designated as hedging instrument)	-	-	-	3.68	-	-	-	11.53
Derivative financial asset (designated as derivative instrument)	-	3.90	-	-	-	-	-	-
Other receivables	-	25.40	-	9.31	-	11.56	-	10.77
Total	**54.07**	**563.52**	**88.39**	**296.56**	**65.08**	**223.00**	**253.37**	**22.30**

* whole amount is held as lien against bank guarantees, letter of credit issued by bank and with the sales tax department.

Refer note 33A for information on credit risk.
Refer note 33B and 33C for information on derivative financial instrument.
Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Note 6: Income-tax assets (net)

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Advance tax (net)	35.12	34.56	24.88	-
Total	**35.12**	**34.56**	**24.88**	**-**

Note 7: Other assets

	As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Capital advance	80.70	-	16.27	-	19.15	-	-	-
Advances other than capital advances								
Advance to suppliers	-	416.80	-	767.94	-	179.23	-	65.19
Advance to employees	-	1.50	-	1.51	-	2.26	-	1.71
Balances with government authorities	133.04	1,164.31	42.16	1,380.16	42.12	1,253.33	5.63	853.02
Prepaid expenses	12.00	31.02	9.94	19.67	11.99	15.39	-	20.45
Total	**225.74**	**1,613.63**	**68.37**	**2,169.28**	**73.26**	**1,450.21**	**5.63**	**940.37**

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Note 8 : Inventories
(Valued at cost or net realisable value, whichever is lower)

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Raw materials*	1,812.40	1,606.21	1,048.40	1,131.69
Work-in-progress	10.60	8.59	4.36	86.45
Finished goods	1,565.60	964.00	1,041.70	1,100.67
Intermediate products#	206.40	232.12	195.57	230.47
Stock-in-trade	0.40	2.70	0.12	-
Stores and packing materials*	186.50	175.30	158.45	134.53
Total	**3,781.90**	**2,988.92**	**2,448.60**	**2,683.81**
* includes goods in transit in:				
- Raw materials	638.60	360.10	319.52	591.06
- Stores and packing materials	2.17	6.89	5.90	6.37
Write downs of inventories to net realisable value	-	26.40	-	-

\# Intermediate products are manufactured components which are sold either after further processing or directly without further processing.

Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Note 9: Investments - Current

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Investments measured at fair value through profit or loss				
Investments in mutual fund				
Quoted				
74,817 units of Aditya Birla Sun Life Liquid Fund – Growth – Regular Plan	25.00	-	-	-
Total	**25.00**	**-**	**-**	**-**
Aggregate carrying value of quoted investments	25.00	-	-	-
Aggregate market value of quoted investments	25.00	-	-	-
Aggregate amount of impairment in value of investments	-	-	-	-

Refer note 33A for information on market risk.

Note 10: Trade receivables

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Unsecured				
Considered good	1,549.90	1,303.11	1,020.80	1,185.23
Less: Allowance for expected credit loss	(24.49)	(8.20)	(9.16)	(36.50)
	1,525.41	1,294.91	1,011.64	1,148.73
Credit impaired	20.70	24.69	24.11	4.17
Less: Allowance for expected credit loss	(20.70)	(24.69)	(24.11)	(4.17)
	-	-	-	-
Total	**1,525.41**	**1,294.91**	**1,011.64**	**1,148.73**
Movement in the allowance for expected credit loss				
Balance at the beginning of the period / year	32.89	33.27	40.67	31.25
Created / (reversal) during the period / year (net)	12.30	(0.37)	(7.40)	9.42
Balance at the end of the period / year	**45.19**	**32.89**	**33.27**	**40.67**

Refer note 33A for information on credit risk and market risk.
Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.

Trade receivables ageing schedule - Gross

As at 30 September 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	1,534.61	15.03	0.26	-	-	**1,549.90**
(ii) Disputed trade Receivables – credit impaired	-	-	-	14.30	6.40	**20.70**

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	1,298.16	2.93	2.02	-	-	**1,303.11**
(ii) Disputed trade Receivables – credit impaired	-	-	-	19.95	4.74	**24.69**

As at 31 March 2020

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	1,018.50	1.30	0.63	0.17	0.20	**1,020.80**
(ii) Disputed trade Receivables – credit impaired	-	-	19.94	-	4.17	**24.11**

As at 31 March 2019

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables – considered good	1,178.00	5.08	1.27	0.19	0.69	**1,185.23**
(ii) Disputed trade Receivables – credit impaired	-	-	-	4.17	-	**4.17**

Note 11: Cash and cash equivalents

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Balances with banks in current accounts	743.64	264.98	0.36	48.31
Bank deposit with original maturity of less than three months*	-	-	28.20	158.40
Cash on hand	0.31	0.33	0.40	0.26
Total	**743.95**	**265.31**	**28.96**	**206.97**

* whole amount is held as lien against banks guarantees and letter of credit issued by bank

Refer note 33A for information on credit risk and market risk.
Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by the Group.
There are no repatriation restrictions with regard to cash and cash equivalents.

Note 12: Other bank balances

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Bank deposits with original maturity of more than three months and less than twelve months*	30.30	323.90	151.60	58.73
Total	**30.30**	**323.90**	**151.60**	**58.73**

* whole amount is held as lien against banks guarantees and letter of credit issued by bank

Refer note 33A for information on credit risk.
Refer note 15 for information on assets provided as collateral or security for borrowings or finance facilities availed by Group.

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(All amounts in Rupees millions, unless otherwise stated)

Note 13: Equity share capital

Authorised share capital

	Number of shares	Amount
Equity shares of Rs. 10 each		
Balance as at 31 March 2019	7,50,00,000	750.00
Balance as at 31 March 2020	7,50,00,000	750.00
Balance as at 31 March 2021	7,50,00,000	750.00
Balance as at 30 September 2021	7,50,00,000	750.00

Issued, subscribed and fully paid-up share capital

	Number of shares	Amount
Equity shares of Rs. 10 each		
Balance as at 1 April 2018	**1,19,90,500**	**119.91**
Bonus shares issued during the year	5,99,52,500	599.52
Balance as at 31 March 2019	**7,19,43,000**	**719.43**
Issued during the year	-	-
Balance as at 31 March 2020	**7,19,43,000**	**719.43**
Issued during the year	-	-
Balance as at 31 March 2021	**7,19,43,000**	**719.43**
Issued during the period	-	-
Balance as at 30 September 2021	**7,19,43,000**	**719.43**

a. **Terms and rights attached to the equity shares:**
The Holding Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per equity share. In the event of liquidation of the Holding Company, the holder of equity shares will be entitled to receive the remaining assets of the Holding Company after distribution of all preferential amounts and liabilities. The distribution will be in proportion to the number of fully paid-up equity shares held by the shareholders. The dividend proposed by the Board of Directors of the Holding Company is subject to the approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

b. **Details of shareholders holding more than 5% shares in the Holding Company**

Particulars	Name of shareholder			
	Pareshkumar V. Dattani	**Dinesh Kumar V. Dattani**	**Ajaykumar V. Dattani**	**Anil Kumar V. Dattani**
Equity shares of Rs. 10 each, fully paid up				
As at 30 September 2021				
Number of equity shares	1,78,32,600	1,75,87,800	1,81,47,900	1,72,94,700
% of holding	24.79%	24.45%	25.23%	24.04%
As at 31 March 2021				
Number of equity shares	1,78,32,600	1,75,87,800	1,81,47,900	1,72,94,700
% of holding	24.79%	24.45%	25.23%	24.04%
As at 31 March 2020				
Number of equity shares	1,78,32,600	1,75,87,800	1,81,47,900	1,57,94,700
% of holding	24.79%	24.45%	25.23%	21.95%
As at 31 March 2019				
Number of equity shares	1,78,32,600	1,75,87,800	1,81,47,900	1,57,94,700
% of holding	24.79%	24.45%	25.23%	21.95%

Above information has been furnished per records of the Holding Company, including its register of shareholders or members and other declarations received from shareholders regarding beneficial interest. The above shareholding represents both legal and beneficial ownership of shares.

c. The Holding Company had issued 59,952,500 equity shares of Rs. 10 each during the financial year ended 31 March 2019 as bonus shares. Other than the aforementioned, the Holding Company has not issued any other bonus shares and there has been no buy back of shares or any shares issued pursuant to contract without payment being received in cash during the five years immediately preceding the balance sheet date.

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(All amounts in Rupees millions, unless otherwise stated)

d. Shareholding of promoters:

As at 30 September 2021

Shares held by promoters at the end of the period			% change during the period
Name of promoter	**Number of shares (in absolute)**	**% of total shares**	
Equity shares of Rs. 10 each, fully paid-up			
Pareshkumar V. Dattani	1,78,32,600	24.79%	Nil
Dinesh Kumar V. Dattani	1,75,87,800	24.45%	Nil
Ajaykumar V. Dattani	1,81,47,900	25.23%	Nil
Anil Kumar V. Dattani	1,72,94,700	24.04%	Nil

As at 31 March 2021

Shares held by promoters at the end of the year			% change during the year
Name of promoter	**Number of shares (in absolute)**	**% of total shares**	
Equity shares of Rs. 10 each, fully paid-up			
Pareshkumar V. Dattani	1,78,32,600	24.79%	Nil
Dinesh Kumar V. Dattani	1,75,87,800	24.45%	Nil
Ajaykumar V. Dattani	1,81,47,900	25.23%	Nil
Anil Kumar V. Dattani	1,72,94,700	24.04%	9.50%

As at 31 March 2020

Shares held by promoters at the end of the year			% change during the year
Name of promoter	**Number of shares (in absolute)**	**% of total shares**	
Equity shares of Rs. 10 each, fully paid-up			
Pareshkumar V. Dattani	1,78,32,600	24.79%	Nil
Dinesh Kumar V. Dattani	1,75,87,800	24.45%	Nil
Ajaykumar V. Dattani	1,81,47,900	25.23%	Nil
Anil Kumar V. Dattani	1,57,94,700	21.95%	Nil

As at 31 March 2019

Shares held by promoters at the end of the year			% change during the year
Name of promoter	**Number of shares (in absolute)**	**% of total shares**	
Equity shares of Rs. 10 each, fully paid-up			
Pareshkumar V. Dattani	1,78,32,600	24.79%	370.26%
Dinesh Kumar V. Dattani	1,75,87,800	24.45%	420.92%
Ajaykumar V. Dattani	1,81,47,900	25.23%	454.19%
Anil Kumar V. Dattani	1,57,94,700	21.95%	1,055.05%

Note 14: Other equity

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
General reserve	2,323.85	2,323.85	2,323.85	2,223.85
Retained earnings	4,967.04	3,263.30	1,407.71	1,044.43
Cash flow hedge reserve	-	2.53	(7.29)	7.35
Securities premium	-	-	-	-
Total	**7,290.89**	**5,589.68**	**3,724.27**	**3,275.63**

Nature and purpose of reserves:

i) General reserve
This represents appropriation of profit by the Group.

ii) Retained earnings
Retained earnings comprises of current period and prior years undistributed earnings or losses after tax.

iii) Cash flow hedge reserve
It represents the effective portion of the fair value of derivative financial instruments designated as hedging instruments.

iv) Securities premium
Amount received (or issue of shares) in excess of the par value has been classified as securities premium. The reserve will be utilised in accordance with the provisions of the Act.

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(All amounts in Rupees millions, unless otherwise stated)

Note 15 : Borrowings

	As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Secured								
Term loans (refer notes (A)(i) and (B)(i) below)								
Rupee loans	389.40	-	2,251.96	-	1,858.93	-	702.33	-
Foreign currency loans	2,720.90	-	1,435.54	-	2,167.74	-	2,611.92	-
Vehicle loans (refer notes (A)(ii) and (B)(ii) below)	60.20	-	51.90	-	22.13	-	23.61	-
	3,170.50	**-**	**3,739.40**	**-**	**4,048.80**	**-**	**3,337.86**	**-**
Unsecured								
Related party loans (refer notes A(iv) and B(iv) below)	-	-	245.02	-	248.00	-	246.70	-
	-	**-**	**245.02**	**-**	**248.00**	**-**	**246.70**	**-**
Sub-total	**3,170.50**	**-**	**3,984.42**	**-**	**4,296.80**	**-**	**3,584.56**	**-**
Current maturities of long term borrowings								
Term loans (refer notes (A)(i) and (B)(i) below)								
Rupee loans	-	574.10	-	789.53	-	239.03	-	241.73
Foreign currency loans	-	612.20	-	509.86	-	743.32	-	728.65
Vehicle loans (refer notes (A)(ii) and (B)(ii) below)	-	21.40	-	18.30	-	10.27	-	9.35
	-	**1,207.70**	**-**	**1,317.69**	**-**	**992.62**	**-**	**979.73**
Cash credit facilities (refer notes (A)(iii) and (B)(iii) below)	-	150.80	-	109.52	-	1,179.90	-	1,127.72
Packing credit facilities (refer notes (A)(iii) and (B)(iii) below)	-	-	-	-	-	26.73	-	-
Grand Total	**3,170.50**	**1,358.50**	**3,984.42**	**1,427.21**	**4,296.80**	**2,199.25**	**3,584.56**	**2,107.45**

Refer note 33A for information on liquidity risk and market risk.

Cash flow changes in liabilities arising from financing activities:

Particulars	Borrowings
As at 1 April 2018	**6,643.41**
Cash flows (net)	(951.40)
As at 31 March 2019	**5,692.01**
Cash flows (net)	804.04
As at 31 March 2020	**6,496.05**
Cash flows (net)	(1,084.42)
As at 31 March 2021	**5,411.63**
Cash flows (net) *	(913.71)
As at 30 September 21	**4,497.92**

* Net cash flows considered above are after considering impact of foreign currency translation amounting to Rs. 31.08 millions

A) Details of interest rates terms and securities
i) Term loans
(a) Rupee loans and foreign currency loan from banks in India

For the period / year ended	Number of loans	Rate of interest
30 September 2021	15	Interest rates range from 1 year Minimum Cost of funds based on Lending Rate ('MCLR')+2.00% per annum ('p.a.') to 1 year MCLR+1.85% p.a.+Strategic premium ('SP'), 6 month London Interbank Offered Rate ('LIBOR')+3.60% p.a., 6 months Euro London Interbank Offered Rate ('EURO-LIBOR')+4.25% p.a.
31 March 2021	13	Interest rates range from 1 year MCLR+2.00% p.a. to 1 year MCLR+1.85% p.a.+SP, 6 month LIBOR+3.60% p.a., 6 month EURO-LIBOR+4.25% p.a.
31 March 2020	13	Interest rates range from 1 year MCLR+1.75% p.a.+SP to 1 year MCLR+2.05% p.a.+SP, 6 month LIBOR+3.60% p.a., EURO-LIBOR+4.25% p.a and 6 months EURO-LIBOR+3.50% p.a.
31 March 2019	13	Interest rates range from 1 year MCLR+1.75% p.a.+ SP to 1 year MCLR+2.05% p.a.+SP, 6 month LIBOR+3.50% p.a., EURO-LIBOR+4.25% p.a and 6 months EURO-LIBOR+3.50% p.a.

For all the periods presented above, the term loans are secured by :
a) First charge on pari-passu basis on hypothecation of plants and equipment and all other movable and miscellaneous tangible fixed assets of the Holding Company, both present and future, excluding Barmag made partially oriented yarn and fully drawn yarn plants of the Holding Company.
b) First charge on pari passu basis on equitable mortgage of factory, land and building of the Holding Company.
c) First charge on equitable mortgage of office premises on pari-passu basis of the Holding Company.
d) First charge on equitable mortgage of immovable property of one of the directors (common charge for cash credit facilities and Rupee term loans) of the Holding Company.
e) Charge on pari passu basis for all current assets, both present and future of the Holding Company.
f) Personal guarantees by directors and relatives of directors of the Holding Company.

(b) Foreign currency loan from banks outside India

For the period / year ended	Number of loans	Rate of interest
30 September 2021	2	Interest rate of EURO-LIBOR+1.20% p.a. and LIBOR+1.85 % p.a
31 March 2021	2	Interest rate of EURO-LIBOR+1.20% p.a. and LIBOR+1.85 % p.a
31 March 2020	2	Interest rate of EURO-LIBOR+1.20% p.a. and LIBOR+1.85 % p.a
31 March 2019	2	Interest rate of EURO-LIBOR+1.20% p.a. and LIBOR+1.85 % p.a

For all the periods presented above, these loans are secured by first and exclusive charge on the Barmag made partially oriented yarn and fully drawn yarn plants and AC Automation made Automated Storage Retrieval System ('ASRS') of the Holding Company.

ii) Vehicle loans

For the period / year ended	Number of loans	Rate of interest
30 September 2021	2	Interest rate ranging from 6.89% p.a. to 9.72% p.a.
31 March 2021	2	Interest rate ranging from 7.28% p.a. to 10.50% p.a.
31 March 2020	2	Interest rate ranging from 8.36% p.a. to 10.50% p.a.
31 March 2019	2	Interest rate ranging from 8.36% p.a. to 10.50% p.a.

For all the periods presented above, these loans are secured against hypothecation of the respective vehicles of the Holding Company.

iii) Cash credit and packing credit facilities

Cash credit facilities

For the period / year ended	Rate of interest
30 September 2021	Interest rates range from 1 year MCLR+1.80% p.a.+SP to 1 year MCLR+2.30% p.a.+SP
31 March 2021	Interest rates range from 1 year MCLR+1.80% p.a.+SP to 1 year MCLR+2.30% p.a.+SP
31 March 2020	Interest rates range from 1 year MCLR+1.80% p.a.+SP to 1 year MCLR+2.30% p.a.+SP
31 March 2019	Interest rates range from 1 year MCLR+2.00% p.a.+SP to 1 year MCLR+2.30% p.a.+SP

For all the periods presented above, these loans are secured by first pari-passu charge by way of hypothecation and / or pledge of current assets, on all movable assets, both present and future and first charge on equitable mortgage of immovable property of one of the directors (common charge for cash credit facilities and Rupee term loans) of the Holding Company.

Packing credit facilities

Particulars	Rate of interest
30 September 2021	Not applicable
31 March 2021	Not applicable
31 March 2020	Interest rate of 6 months LIBOR+2.00% p.a.
31 March 2019	Not applicable

For all the periods presented above, packing credit facilities are secured by hypothecation of stocks and book debts of the Holding Company.

iv) Related party loans

Particulars	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019	Rate of interest for the respective periods	Overdue amount and period, if any
Key Management Personnel ('KMP')	-	113.87	104.32	143.60	8.00% to 10.00% per annum	Nil
Relative of KMP	-	71.85	72.60	56.20	8.00% to 10.00% per annum	Nil
Enterprises over which KMP have significant influence	-	59.30	71.08	46.90	8.00% to 10.00% per annum	Nil

(All amounts in Rupees millions, unless otherwise stated)

B) Details of repayment terms
i) Term loans

As at 30 September 2021

Period of maturity with reference to reporting date	Number of instalments outstanding as at 30 September 2021	Amount*
Rupee term loans	2 quarterly instalments	109.11
Rupee term loans	8 monthly instalments	45.67
Rupee term loans	4 quarterly instalments	288.92
Rupee term loans	8 quarterly instalments	11.20
Rupee term loans	10 quarterly instalments	170.53
Rupee term loans	14 quarterly instalments	52.79
Rupee term loans	37 quarterly instalments	97.37
Rupee term loans	27 quarterly instalments	187.88
Foreign currency term loans	28 quarterly instalments	1,037.00
Foreign currency term loans	4 quarterly instalments	145.77
Foreign currency term loans	4 half yearly instalments	488.83
Foreign currency term loans	36 quarterly instalments	1,676.10

As at 31 March 2021

Period of maturity with reference to reporting date	Number of instalments outstanding as at 31 March 2021	Amount*
Rupee term loans	13 quarterly instalments	226.00
Rupee term loans	7 quarterly instalments	590.10
Rupee term loans	14 monthly instalments	96.50
Rupee term loans	10 quarterly instalments	13.00
Rupee term loans	40 quarterly instalments	1,848.60
Rupee term loans	16 quarterly instalments	57.40
Rupee term loans	30 quarterly instalments	220.40
Foreign currency term loans	6 quarterly instalments	216.00
Foreign currency term loans	30 quarterly instalments	1,129.30
Foreign currency term loans	5 half yearly instalments	605.30

As at 31 March 2020

Period of maturity with reference to reporting date	Number of instalments outstanding as at 31 March 2020	Amount*
Rupee term loans	8 quarterly instalments	330.62
Rupee term loans	14 quarterly instalments	18.75
Rupee term loans	40 quarterly instalments	1,398.03
Rupee term loans	20 quarterly instalments	68.91
Rupee term loans	35 quarterly instalments	241.75
Rupee term loans	4 quarterly instalments	14.63
Rupee term loans	10 quarterly instalments	38.34
Foreign currency term loans	9 quarterly instalments	328.66
Foreign currency term loans	35 quarterly instalments	1,181.35
Foreign currency term loans	7 half yearly instalments	634.44
Foreign currency term loans	8 quarterly instalments	503.10
Foreign currency term loans	15 quarterly instalments	268.74

As at 31 March 2019

Period of maturity with reference to reporting date	Number of instalments outstanding as at 31 March 2019	Amount*
Rupee term loans	12 quarterly instalments	479.10
Rupee term loans	18 quarterly instalments	24.23
Rupee term loans	24 quarterly instalments	85.45
Rupee term loans	38 quarterly instalments	270.02
Rupee term loans	8 quarterly instalments	27.58
Rupee term loans	14 quarterly instalments	56.49
Rupee term loans	2 quarterly instalments	2.70
Foreign currency term loans	12 quarterly instalments	403.86
Foreign currency term loans	38 quarterly instalments	1,181.49
Foreign currency term loans	9 half yearly instalments	749.73
Foreign currency term loans	12 quarterly instalments	671.25
Foreign currency term loans	19 quarterly instalments	340.64

* Amounts are exclusive of EIR impact as per Ind AS 109 'Financial Instruments'

ii) Vehicle loans

As at 30 September 2021
Vehicle loans are repayable in 8 to 60 monthly instalments from 30 September 2021.

As at 31 March 2021
Vehicle loans are repayable in 3 to 60 monthly instalments from 31 March 2021.

As at 31 March 2020
Vehicle loans are repayable in 2 to 58 monthly instalments from 31 March 2020.

As at 31 March 2019
Vehicle loans are repayable in 1 to 51 monthly instalments from 31 March 2019.

iii) Cash credit and packing credit facilities
For all the periods presented above, cash credit and packing credit facilities are payable on demand.

iv) Related party loans

As at 30 September 2021
The Group does not have outstanding related party loans as at 30 September 2021

As at 31 March 2021
Related party loans were repayable as follows:

Year of repayment	Amount
Financial year 2023	169.25
Financial year 2024	24.02
Financial year 2026	14.00
Financial year 2027	22.70
Financial year 2028	15.05

(All amounts in Rupees millions, unless otherwise stated)

As at 31 March 2020
Related party loans were repayable as follows:

Year of repayment	Amount
Financial year 2023	175.43
Financial year 2024	20.27
Financial year 2026	13.92
Financial year 2027	23.20
Financial year 2028	15.18

As at 31 March 2019
Related party loans were repayable as follows:

Year of repayment	Amount
Financial year 2023	191.00
Financial year 2024	14.00
Financial year 2026	9.00
Financial year 2027	22.20
Financial year 2028	10.50

For the year ended 31 March 2021, in view of COVID-19 pandemic, the Reserve Bank of India had, vide Circular No. RBI/2019-20/186 dated 27 March 2020 and Circular No. RBI/2019-20/244 dated 23 May 2020, *inter-alia* , permitted the lending institutions to defer the recovery of interest in respect of term loans during the period 1 March 2020 to 31 August 2020. Also as per the circular, the repayment schedule for such loans and the residual tenor, would be shifted by six months. Accordingly, the Holding Company had applied for the aforementioned moratorium benefits for the period 1 March 2020 to 31 August 2020 for interest and principal repayment for all the term loans. The Holding Company made due repayments as per the moratorium scheme.

C) Details related to borrowings secured against current assets
The Group has given current assets as security for borrowings obtained from banks. The Group duly submitted the required information with the banks on regular basis and the required reconciliation is presented below:

For the period ended 30 September 2021

Quarter ended	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
30 September 2021	Trade receivables	1,570.60	2,001.70	(431.10)	The primary reason for variance is owing to adjustment made on account of revenue cut off adjustment and receivables aged more than 90 days which were not included in the reporting made to the bank.
	Inventories	3,781.90	2,615.30	1,166.60	The primary reason for variance is owing to goods in transit which was not considered while making the reporting to the bank and adjustment made on account of period end cut off adjustment entries.
	Other current assets	2,976.40	7.50	2,968.90	The current assets reported included only balance with banks in current account. Other current assets including investments in mutual funds, current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, other bank balances and current assets of subsidiary companies were not reported in the same which contributed to the variation.
30 June 2021	Trade receivables	2,263.30	4,389.80	(2,126.50)	The primary reason for variance is owing to inclusion of the inter plant trade receivables.
	Inventories	2,715.00	2,671.50	43.50	No significant variation.
	Other current assets	2,347.20	257.40	2,089.80	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported in the same which contributed to the variation.

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(All amounts in Rupees millions, unless otherwise stated)

For the year ended 31 March 2021

Quarter	Particulars	Amount as per books of account	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
31 March 2021	Trade receivables	1,327.80	1,294.90	32.90	No significant variation.
	Inventories	2,988.92	2,359.10	629.82	The primary reason for variance is owing to goods in transit which was not considered while making the reporting to the bank and adjustment made on account of period end cut off adjustment entries.
	Other current assets	2,976.40	13.30	2,963.10	The current assets reported included only balance with banks in current account. Other current assets including investments in mutual funds, current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported in the same which contributed to the variation.
31 December 2020	Trade receivables	1,314.90	2,426.48	(1,111.58)	The primary reason for variance is owing to inclusion of the inter plant trade receivables.
	Inventories	1,725.51	1,676.60	48.91	No significant variation.
	Other current assets	2,263.33	49.60	2,213.73	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported in the same which contributed to the variation.
30 September 2020	Trade receivables	911.79	1,905.51	(993.72)	The primary reason for variance is owing to inclusion of the inter plant trade receivables.
	Inventories	1,578.31	1,547.17	31.14	No significant variation.
	Other current assets	2,006.87	4.99	2,001.88	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported in the same which contributed to the variation.
30 June 2020	Trade receivables	997.26	1,700.55	(703.29)	The primary reason for variance is owing to inclusion of the inter plant trade receivables.
	Inventories	1,814.68	1,767.99	46.69	No significant variation.
	Other current assets	179.23	44.01	135.22	The current assets reported included only balance with banks in current account. Current financial assets comprising of bank deposits, security deposits, derivative financial assets and other receivables (including insurance claim receivables), current non-financial assets comprising of balance with government authorities and advance to suppliers, and other bank balances were not reported in the same which contributed to the variation.

For the year ended 31 March 2020
There are no reconciling items.

For the year ended 31 March 2019
There are no reconciling items.

Note 16 : Provisions

	As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
Provision for employee benefits	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**	**Non-current**	**Current**
Provision for gratuity (refer note 30)	65.70	19.49	54.40	19.06	50.24	11.54	42.89	12.60
Provision for compensated absences	-	9.80	-	7.87	-	4.64	-	4.80
Total	**65.70**	**29.29**	**54.40**	**26.93**	**50.24**	**16.18**	**42.89**	**17.40**

Disclosure for movement in provision for compensated absences

Particulars	30 September 2021	31 March 2021	31 March 2020	31 March 2019
Opening provision at the beginning of the period / year	**7.87**	**4.64**	**4.80**	**3.18**
Created / (reversal) during the period / year (net)	1.93	3.23	(0.16)	1.62
Closing provision at the end of the period / year	**9.80**	**7.87**	**4.64**	**4.80**

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(All amounts in Rupees millions, unless otherwise stated)

Note 17 : Deferred tax liabilities (net)

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Deferred tax liability on account of:				
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	638.12	567.82	623.16	612.65
Others	4.71	4.80	6.39	2.77
	642.83	**572.62**	**629.55**	**615.42**
Deferred tax assets arising on account of				
Provision for employee benefits	28.31	22.83	26.43	23.84
Deferred government grants	12.51	8.96	22.18	26.32
Allowance for expected credit loss	9.99	8.28	11.63	14.22
Minimum Alternate Tax ('MAT') credit entitlement	-	-	196.01	318.86
Others	-	-	8.91	(3.95)
	50.81	**40.07**	**265.16**	**379.29**
Deferred tax liabilities (net)	**592.02**	**532.55**	**364.39**	**236.13**

Movement in deferred tax assets and deferred tax liabilities during the year / period :

Particulars	As at 1 April 2018	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at 31 March 2019	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at 31 March 2020
Deferred tax liabilities arising on account of									
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	595.79	16.86	-	-	612.65	10.51	-	-	623.16
Others	3.28	(0.51)	-	-	2.77	3.62	-	-	6.39
	599.07	**16.35**	**-**	**-**	**615.42**	**14.13**	**-**	**-**	**629.55**
Deferred tax assets arising on account of:									
Provision for employee benefits	17.54	3.80	2.50	-	23.84	4.29	(1.70)	-	26.43
Deferred government grants	45.28	(18.96)	-	-	26.32	(4.14)	-	-	22.18
Allowance for expected credit loss	10.82	3.40	-	-	14.22	(2.59)	-	-	11.63
MAT credit entitlement	296.63	22.23	-	-	318.86	-	-	(122.85)	196.01
Unabsorbed depreciation	79.50	(79.50)	-	-	-	-	-	-	-
Others	-	-	(3.95)	-	(3.95)	5.26	3.70	3.90	8.91
	449.77	**(69.03)**	**(1.45)**	**-**	**379.29**	**2.82**	**2.00**	**(118.95)**	**265.16**
Total deferred tax liabilities (net)	**149.30**	**85.38**	**1.45**	**-**	**236.13**	**11.31**	**(2.00)**	**118.95**	**364.39**

Particulars	As at 31 March 2020	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at 31 March 2021	Adjustment on account of business combination *	Recognised in profit or loss	Recognised in other comprehensive income	Recognised through other items of balance sheet	As at 30 September 2021
Deferred tax liabilities arising on account of										
On timing difference between depreciation as per books and as per the Income-tax Act, 1961	623.16	(55.34)	-	-	567.82	14.60	55.70	-	-	638.12
Others	6.39	(2.39)	0.80	-	4.80	-	0.71	-	(0.80)	4.71
	629.55	**(57.73)**	**0.80**	**-**	**572.62**	**14.60**	**56.41**	**-**	**(0.80)**	**642.83**
Deferred tax assets arising on account of:										
Provision for employee benefits	26.43	(3.90)	0.30	-	22.83	-	4.12	1.36	-	28.31
Deferred government grants	22.18	(13.22)	-	-	8.96	-	3.55	-	-	12.51
Allowance for expected credit loss	11.63	(3.35)	-	-	8.28	-	1.71	-	-	9.99
MAT credit entitlement	196.01	(186.21)	-	(9.80)	-	-	-	-	-	-
Others	8.91	(5.41)	-	(3.50)	-	-	-	-	-	-
	265.16	**(212.09)**	**0.30**	**(13.30)**	**40.07**	**-**	**9.38**	**1.36**	**-**	**50.81**
Total deferred tax liabilities (net)	**364.39**	**154.36**	**0.50**	**13.30**	**532.55**	**14.60**	**47.03**	**(1.36)**	**(0.80)**	**592.02**

* Refer note 43

The individual entities within the Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off the said balances.

(All amounts in Rupees millions, unless otherwise stated)

Note 18 : Other liabilities

	As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Current
Deferred government grants (refer note 38)	24.20	25.50	0.20	35.33	51.70	11.81	24.98	50.35
Advance from customers	-	35.60	-	38.52	-	32.78	-	27.98
Statutory dues payable	-	21.50	-	123.46	-	40.73	-	19.28
Total	**24.20**	**82.60**	**0.20**	**197.31**	**51.70**	**85.32**	**24.98**	**97.61**

Note 19 : Trade payables

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of				
micro enterprises and small enterprises	4.90	3.92	7.60	12.32
creditors other than micro enterprises and small enterprises *	3,778.25	3,549.86	2,460.40	3,010.12
Total	**3,783.15**	**3,553.78**	**2,468.00**	**3,022.44**
* includes amount payable to banks with whom vendors have discounted the bills	1,589.80	1,075.00	826.60	1,322.30

Refer note 33A for information on liquidity risk and market risk.

Disclosure in respect of Micro, Small and Medium Enterprises ('MSME')
The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at the period / year end has been made based on information received and available with the management which has been relied upon by the statutory auditors.

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Principal amount remaining unpaid to any supplier	4.90	3.92	7.60	12.32
Interest due thereon				
The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the period / year	-	-	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period / year) but without adding the interest specified under the MSMED Act, 2006	-	-	-	-
The amount of interest accrued and remaining unpaid at the end of the period / year; and	-	-	-	-
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	-	-	-	-

Trade payable ageing schedule:

As at 30 September 2021	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	4.90	-	-	-	**4.90**
(ii) Others	3,703.66	3.29	0.30	-	**3,707.25**
Sub-total					**3,712.15**
Add: Unbilled dues					71.00
Total					**3,783.15**

As at 31 March 2021	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	3.92	-	-	-	**3.92**
(ii) Others	3,402.32	6.40	1.59	1.46	**3,411.77**
Sub-total					**3,415.69**
Add: Unbilled dues					138.09
Total					**3,553.78**

As at 31 March 2020	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	5.70	1.90	-	-	**7.60**
(ii) Others	2,226.05	10.34	4.65	14.96	**2,256.00**
Sub-total					**2,263.60**
Add: Unbilled dues					204.40
Total					**2,468.00**

As at 31 March 2019	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	more than 3 years	Total
(i) MSME	12.32	-	-	-	**12.32**
(ii) Others	2,779.88	15.84	8.30	12.52	**2,816.54**
Sub-total					**2,828.86**
Add: Unbilled dues					193.58
Total					**3,022.44**

Note 20: Other current financial liabilities

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Interest accrued on borrowings	0.90	1.15	13.48	2.87
Employee related payables *	74.90	158.07	20.55	54.97
Derivative financial liabilities (designated as hedging instrument)	-	-	12.15	-
Derivative financial liabilities (designated as derivative instrument)	-	-	14.80	-
Creditors for capital goods	-	-	295.00	-
Other payables	373.63	129.00	189.52	220.10
Total	**449.43**	**288.22**	**545.50**	**277.94**
*Includes amount payable to related parties (refer note 31)	8.58	112.67	0.10	7.68

Refer note 33A for information on liquidity risk and market risk.
Refer note 33B and 33C for information on derivative financial instrument.

(All amounts in Rupees millions, unless otherwise stated)

Note 21 : Revenue from operations

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products	13,722.70	18,665.99	20,884.79	23,104.30
Sale of stock-in-trade	311.50	183.00	15.40	10.21
Other operating revenue				
Export incentives	27.50	33.52	21.22	56.37
Sale of scrap	247.70	301.04	244.59	233.02
Total	**14,309.40**	**19,183.55**	**21,166.00**	**23,403.90**

a) There are no customers contributing more than 10% of the revenue from operations.

b) Reconciliation of gross revenue with the revenue from operations

Particulars	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue as per contract price	14,342.80	19,244.46	21,223.87	23,444.33
Less: Discounts and rate differences	(33.40)	(60.91)	(57.87)	(40.43)
Net revenue recognised from operations	**14,309.40**	**19,183.55**	**21,166.00**	**23,403.90**

Note 22 : Other income

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on				
Bank deposits	13.30	18.06	28.26	21.49
Others	18.90	14.20	28.38	32.14
Insurance claims	0.10	0.74	3.79	5.10
Liabilities / provisions no longer required, written back	1.20	26.92	1.16	2.63
Gain on disposal of property, plant and equipment (net)	8.90	0.42	-	-
Reversal of allowance for expected credit loss (net)	-	0.37	7.40	-
Net gain on foreign currency transaction and translation	37.00	85.44	-	-
Total	**79.40**	**146.15**	**68.99**	**61.36**

Note 23 : Changes in inventories of finished goods, stock-in-trade and work-in-progress

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory at the end of the period / year				
Finished goods*	1,565.60	964.00	1,041.70	1,100.67
Intermediate products	206.40	232.12	195.57	230.47
Stock-in-trade	0.40	2.70	0.12	-
Work-in-progress	10.60	8.59	4.36	86.45
	1,783.00	**1,207.41**	**1,241.75**	**1,417.59**
Inventory at the beginning of the period / year				
Finished goods*	964.00	1,041.70	1,100.67	1,019.14
Intermediate products	232.12	195.57	230.47	302.68
Stock-in-trade	2.70	0.12	-	1.18
Work-in-progress	8.59	4.36	86.45	27.20
	1,207.41	**1,241.75**	**1,417.59**	**1,350.20**
Changes in inventories	**(575.59)**	**34.34**	**175.84**	**(67.39)**
**Inter alia,* includes changes in inventories of waste and scrap	(6.80)	8.60	(10.66)	2.14

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(All amounts in Rupees millions, unless otherwise stated)

Note 24 : Employee benefit expenses

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries and wages	347.07	820.04	671.23	569.94
Contribution to provident fund and other funds	12.30	22.86	21.17	16.47
Gratuity (refer note 30)	7.33	13.21	12.60	10.91
Staff welfare expenses	7.00	11.50	13.95	13.61
Total	**373.70**	**867.61**	**718.95**	**610.93**

Note 25 : Finance costs

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense				
on term loans	161.70	380.71	256.69	290.99
on cash credit facilities	-	48.71	41.97	62.62
on others	24.40	44.65	100.95	117.60
Other borrowing costs	17.60	26.79	27.24	34.20
Total	**203.70**	**500.86**	**426.85**	**505.41**

Note 26 : Depreciation expenses

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation on property, plant and equipment (refer note 3)	207.86	397.69	1,027.80	1,066.88
Total	**207.86**	**397.69**	**1,027.80**	**1,066.88**

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Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary statement of significant accounting policies and other explanatory information to the restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Note : 27 Other expenses

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(A) Manufacturing expenses				
Consumption of stores and packing materials	710.90	1,144.54	1,202.02	1,278.27
Repairs and maintenance				
Buildings	6.10	8.01	12.26	1.91
Plant and equipment	13.80	22.70	19.78	20.08
Other repairs and maintenance	3.30	7.10	4.67	7.44
Contract labour charges	324.70	455.94	468.67	409.01
Power and fuel	904.30	1,402.93	1,434.36	1,248.18
Other manufacturing expenses	9.80	16.02	16.98	21.91
Total manufacturing expenses (A)	**1,972.90**	**3,057.24**	**3,158.74**	**2,986.80**
(B) Selling expenses				
Advertisement and sales promotion	0.40	10.31	11.99	6.96
Commission expenses	84.90	266.43	175.47	135.19
Export expenses	163.00	173.10	163.51	178.82
Freight expenses	50.30	82.89	87.45	83.90
Other selling expenses	1.00	1.87	3.85	3.12
Total selling expenses (B)	**299.60**	**534.60**	**442.27**	**407.99**
(C) Administrative and other expenses				
Rates and taxes	3.10	5.90	7.26	12.07
Legal and professional charges	9.10	15.60	17.71	18.28
Electricity expenses	3.60	5.41	6.85	8.92
Insurance	22.40	36.01	33.57	20.31
Auditor's remuneration (refer note 36)	1.73	3.00	0.75	0.75
Security charges	9.50	17.45	16.33	15.54
Bank charges	40.80	87.07	81.16	94.03
Printing and stationery	0.40	0.91	1.14	0.84
Communication expenses	1.60	1.77	2.86	1.93
Travelling and conveyance	11.90	19.21	22.90	18.43
Effluent treatment plant and greenbelt environmental expenses	1.80	4.39	4.77	3.91
Rent *	5.00	6.35	1.15	3.83
Software charges	1.60	3.18	3.27	3.11
Expenditure towards corporate social responsibility (refer note 35)	5.00	17.40	14.76	9.20
Sundry balances written off **	1.10	4.75	-	-
Donation - political parties	-	1.00	-	-
Donation - others	0.00	0.50	6.50	-
Allowance for expected credit loss	12.30	-	-	9.42
Net loss on foreign currency transaction and translation	-	-	115.65	81.85
Loss on sale of property, plant and equipment (net)	-	-	0.72	1.06
Miscellaneous expenses	6.10	8.00	8.30	8.10
Total administrative and other expenses (C)	**137.03**	**237.90**	**345.65**	**311.58**
Total other expenses (A + B + C)	**2,409.53**	**3,829.74**	**3,946.66**	**3,706.37**

* Pertains to rental for short term leases and low value leases. Refer note 45.
** Represents loss on derecognition of financial assets measured at amortised cost

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Note 28 : Tax expense

(a) Income-tax expense in the restated consolidated and standalone statement of profit and loss

Particulars	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Current tax:				
Current tax on profits for the period / year	525.10	516.20	270.73	202.25
Current tax for earlier years	-	0.17	(1.31)	(4.11)
	525.10	**516.37**	**269.42**	**198.14**
Deferred tax:				
In respect of current period origination and reversal of temporary differences	47.03	154.36	11.31	85.38
Total tax expense	**572.13**	**670.73**	**280.73**	**283.52**

(b) Income-tax on other comprehensive income

Particulars	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Deferred tax in respect of current period origination and reversal of temporary differences	(1.36)	0.50	(2.00)	1.45
	(1.36)	**0.50**	**(2.00)**	**1.45**

(c) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Accounting profit before income-tax (including other comprehensive income)	2,274.50	2,529.36	734.72	840.84
Applicable Indian statutory income-tax rate (in %)	25.168%	25.168%	34.944%	34.944%
Computed expected tax expense	572.45	636.59	256.74	293.82
Tax effect of amount which are not (taxable) / deductible in calculating taxable income	(47.35)	(120.39)	13.99	(91.58)
Prior years' tax adjustments	-	0.17	(1.31)	(4.11)
Deferred tax	45.67	154.86	9.31	86.83
Income-tax expenses through the restated consolidated and standalone statement of profit and loss	**570.77**	**671.23**	**278.73**	**284.97**

Note:
From assessment year 2021-22, the Holding Company has opted for a lower rate of tax under section 115BAA of the Income-tax Act, 1961 which was introduced by the Ministry of Law and Justice through the Taxation Laws (Amendment) Ordinance, 2019 dated 20 September 2019. The revised tax rate applicable to the Holding Company is 22% plus surcharge of 10% and cess of 4%. Thus, the effective tax rate is 25.168% for the assessment year 2021-22 and onwards.

Note 29 : Earnings per share ('EPS')

Particulars	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit attributable to equity shareholders	1,707.78	1,856.31	460.16	552.26
Weighted average number of shares in calculating basic EPS (Number in millions)	72	72	72	72
Weighted average number of shares in calculating diluted EPS (Number in millions)	72	72	72	72
Nominal value of each share (in Rupees)	10.00	10.00	10.00	10.00
Earnings per share				
Basic (in Rupees)	23.75 *	25.80	6.40	7.68
Diluted (in Rupees)	23.75 *	25.80	6.40	7.68

*not annualised

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(All amounts in Rupees millions, unless otherwise stated)

Note 30 : Employee benefits

a) Defined benefit plan - gratuity

The Group operates one post-employment defined benefit plan i.e., gratuity. The plan (unfunded) is governed by the Payment of Gratuity Act, 1972 wherein employee who has completed continuous service of five years or more is eligible for gratuity on death, resignation, retirement or permanent disablement at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognised in the restated consolidated and standalone statement of profit and loss, other comprehensive income and the amount recognised in the restated consolidated and standalone statement of assets and liabilities.

Present value of the defined benefit obligation at the end of the period / year :

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Non-current	65.70	54.40	50.24	42.89
Current	19.49	19.06	11.54	12.60
	85.19	**73.46**	**61.78**	**55.49**

	30 September 2021	31 March 2021	31 March 2020	31 March 2019
Change in the present value of the defined benefit obligation:				
Opening defined benefit obligation	73.46	61.78	55.49	40.28
Interest cost	2.20	3.86	3.61	2.42
Current service cost	5.13	9.35	8.99	8.49
Benefits paid	(1.00)	(2.55)	(1.49)	(1.94)
Actuarial loss on obligation				
Actuarial loss / (gain) from changes in financial assumptions	0.75	2.13	(6.56)	5.94
Experience adjustments loss / (gain) from on plan liabilities	4.65	(1.11)	1.74	0.30
Closing defined benefit obligation	**85.19**	**73.46**	**61.78**	**55.49**
Amount recognised in the restated consolidated and standalone statement of assets and liabilities:				
Present value of defined benefit obligation at the end of the period / year	85.19	73.46	61.78	55.49
Expense recognised through profit or loss:				
Current service cost	5.13	9.35	8.99	8.49
Interest cost	2.20	3.86	3.61	2.42
Net expense recognised through profit or loss	**7.33**	**13.21**	**12.60**	**10.91**
Expense recognised in the other comprehensive income:				
Actuarial loss / (gain) on defined benefit obligation	5.40	1.02	(4.82)	6.24
	5.40	**1.02**	**(4.82)**	**6.24**

Actuarial assumptions used

	30 September 2021	31 March 2021	31 March 2020	31 March 2019
Discount rate (% p.a.)	6.00%	6.25%	6.50%	6.00%
Salary growth rate (% p.a.)	5.00%	5.00%	5.00%	7.00%

Demographic assumptions used

	30 September 2021	31 March 2021	31 March 2020	31 March 2019
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08) Ultimate
Retirement age (in years)	65 years	65 years	65 years	65 years
Attrition rate (% p.a.)	16.65%	19.53%	19.77%	18.65%
Average future service (in years)	29.70 years	30.00 years	30.80 years	30.90 years

These assumptions were developed by the management with the assistance of independent actuary. Discount rate is determined close to each period / year end by reference to government bonds of relevant economic markets and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience. The estimate of salary growth rate considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Risk

Factor	Impact
Salary increases	Actual salary increases will increase the obligation. Increase in salary growth rate assumption in future valuations will also increase the obligation.
Discount rate	Reduction in discount rate in subsequent valuations can increase the obligation.
Mortality and disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the obligation.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent valuations can impact the obligation.

(All amounts in Rupees millions, unless otherwise stated)

Sensitivity analysis
The restated consolidated and standalone financial information are sensitive to the actuarial assumptions. The changes to the defined benefit obligation for increase / decrease of 1% from assumed salary growth rate, attrition rate and discount rate are given below. The following table summaries the effects of changes in these actuarial assumptions on the defined benefit obligation at period / year-end.

	Change in the defined benefit obligation		
	Discount rate	**Salary growth rate**	**Attrition rate**
As at 30 September 2021			
Increase by 1%	(3.79)	3.82	0.10
Decrease by 1%	4.20	(3.51)	(0.10)
As at 31 March 2021			
Increase by 1%	(2.83)	2.75	0.02
Decrease by 1%	3.08	(2.53)	(0.03)
As at 31 March 2020			
Increase by 1%	(3.48)	3.59	0.19
Decrease by 1%	3.93	(3.19)	(0.23)
As at 31 March 2019	(2.28)	2.16	(0.27)
Increase by 1%	2.51	(1.94)	0.28
Decrease by 1%			

The sensitivity analysis is based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in the assumptions would occur in isolation of one another since some of the assumptions may be co-related.

Maturity analysis of defined benefit obligation (discounted):

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Projected benefits payable in future years from the date of reporting				
One year	19.47	19.10	11.54	12.60
Two to five years	19.76	18.75	10.87	9.53
Five years and above	45.96	35.61	39.37	33.36
The weighted average duration of the defined benefit obligation at the end of the reporting period / year	21 years	21 years	22 years	21 years

b) Defined contribution plan
The Group has recognised following expenses in the consolidated and standalone statement of profit and loss in respect of the defined contribution plans (refer note 24):

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Employer's contribution to provident fund	12.20	22.67	20.93	16.23
Employer's contribution to Employees' State Insurance Scheme	0.10	0.19	0.24	0.24

The Group has certain defined contribution plans. Contributions are made to recognised provident fund administered by the Government of India for employees @ 12.00% p.a. of their basic salary subject to mandatory maximum amount as per the regulations. The contribution of the Group is limited to the amount contributed and it has no further contractual obligation.

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(All amounts in Rupees millions, unless otherwise stated)

Note 31 : Related party disclosures

In accordance with the requirement of Ind AS 24 'Related Party Disclosures', name of the related parties, their relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place have been furnished as follows:

a) List of related parties and nature of relationships

Nature of relationship	Name of the related party
Subsidiary companies	Sanathan Polycot Private Limited (with effect from 20 April 2021) Universal Texturisers Private Limited (with effect from 26 September 2021)
Key Managerial Personnel ('KMP')	Vallabhdas Dattani (up to 31 March 2021) Dinesh Kumar V. Dattani (up to 31 March 2021) Mikesh Dattani (up to 31 March 2021) Varun Dattani (up to 31 March 2021) Pareshkumar V. Dattani Ajay Kumar V. Dattani Anil Kumar V. Dattani Sammir Dattani
Relative of KMP	Jyotsana Dattani Beena Dattani Geeta Dattani Sonali Dattani Aakash Dattani Aditi Dattani Vinodkumar Dattani Ritika Jolly Dattani Nirupama T. Sayani Sweta Vijay Gandhi Jayashree A. Dattani
Enterprise over which KMP are able to exercise significant influence	Vallabhdas V. Dattani (HUF) Paresh Kumar V. Dattani (HUF) Ajay Kumar V. Dattani (HUF) Anil Kumar V. Dattani (HUF) Mikesh A. Dattani (HUF) Sammir D. Dattani (HUF) Dinesh Kumar Dattani (HUF) Varun Dattani (HUF) Vajubhai Investments Private Limited Dattani Foundation Shantaben Dattani charitable trust

Names above have been disclosed to the extent transactions have taken place.

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b) Transactions during the period / year

Particulars	30 September 2021				31 March 2021				31 March 2020				31 March 2019			
	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence
Salaries and wages	-	54.90	23.10	-	-	356.23	1.31	-	-	206.23	1.22	-	-	141.60	0.68	-
Interest expense	-	6.97	4.92	2.60	-	9.18	7.19	6.87	-	9.55	6.06	5.97	-	16.72	4.34	5.25
Loan received	-	112.72	37.50	2.00	-	26.40	0.90	4.11	-	49.02	32.65	27.92	-	68.00	31.15	12.95
Loan repaid	-	194.70	154.27	61.30	-	16.85	1.66	15.89	-	88.30	16.24	3.74	-	105.71	11.80	30.80
Contribution towards corporate social responsibility	-	-	-	4.50	-	-	-	17.22	-	-	-	14.43	-	-	-	9.20
Donation - Others	-	-	-	-	-	-	-	0.50	-	-	-	6.00	-	-	-	-
Investments made *	234.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan granted *	12.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* These transactions are eliminated on consolidation

c) Balances outstanding as at the period / year end:

Particulars (included in)	30 September 2021				31 March 2021				31 March 2020				31 March 2019			
	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence	Subsidiary companies	KMP	Relatives of KMP	Enterprise over which KMP are able to exercise significant influence
Employee related payables	-	5.90	2.68	-	-	112.56	0.11	-	-	-	0.10	-	-	7.63	0.05	-
Unsecured loan (payable)	-	-	-	-	-	113.87	71.85	59.30	-	104.32	72.60	71.08	-	143.60	56.20	46.90
Loan receivable **	12.90	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments **	234.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

** These balances are eliminated on consolidation

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(All amounts in Rupees millions, unless otherwise stated)

d) Additional disclosure in respect of material transactions and balances

i) Transactions during the period / year (disclosure in respect of material transactions during the period / year in accordance with para 24 of Ind AS 24 'Related Party Disclosures')

Name of related parties	Nature of transaction	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(a) Subsidiary companies					
Sanathan Polycot Private Limited	Investments made *	99.00	-	-	-
Universal Texturisers Private Limited	Investments made *	135.00	-	-	-
Universal Texturisers Private Limited	Loan granted *	12.90	-	-	-
(b) KMP					
Ajaykumar V. Dattani	Salaries and wages	15.00	45.03	37.53	26.40
Anil Kumar V. Dattani	Salaries and wages	15.00	65.03	37.53	26.40
Pareshkumar V. Dattani	Salaries and wages	15.00	38.03	37.53	26.40
Sammir Dattani	Salaries and wages	9.90	44.83	26.08	18.00
Dinesh Kumar V. Dattani	Salaries and wages	-	44.83	26.08	18.00
Vallabhdas Dattani	Salaries and wages	-	44.63	14.63	9.60
Varun Dattani	Salaries and wages	-	49.23	12.23	7.20
Mikesh Dattani	Salaries and wages	-	24.63	14.63	9.60
Ajaykumar V. Dattani	Interest expense	2.95	3.95	3.59	3.96
Pareshkumar V. Dattani	Interest expense	3.38	0.47	-	0.91
Anilkumar V. Dattani	Interest expense	0.03	0.77	0.79	4.45
Sammir Dattani	Interest expense	0.60	0.32	2.78	5.75
Dinesh Kumar V. Dattani	Interest expense	-	2.04	1.56	0.64
Ajaykumar V. Dattani	Loan received	27.25	12.15	15.53	18.90
Pareshkumar V. Dattani	Loan received	72.95	3.75	4.58	17.55
Anilkumar V. Dattani	Loan received	-	3.75	5.29	5.10
Dinesh Kumar V. Dattani	Loan received	-	3.75	6.96	9.40
Varun Dattani	Loan received	-	-	4.16	1.75
Ajaykumar V. Dattani	Loan repaid	85.20	3.04	20.16	1.23
Pareshkumar V. Dattani	Loan repaid	84.07	0.41	-	33.66
Anilkumar V. Dattani	Loan repaid	9.48	10.33	4.36	50.37
Sammir Dattani	Loan repaid	15.75	0.01	55.50	11.23
Vallabhdas Dattani	Loan repaid	-	7.57	1.53	-
(c) Relative of KMP					
Vallabhdas Dattani	Salaries and wages	4.80	-	-	-
Dinesh Kumar V. Dattani	Salaries and wages	9.90	-	-	-
Varun Dattani	Salaries and wages	3.60	-	-	-
Mikesh Dattani	Salaries and wages	4.80	-	-	-
Dinesh Kumar V. Dattani	Interest expense	1.49	-	-	-
Jayshree A. Dattani	Interest expense	0.12	2.28	2.22	1.12
Varun Dattani	Loan received	24.50	-	-	-
Beena Dattani	Loan received	-	-	10.38	-
Dinesh Kumar V. Dattani	Loan received	12.60	-	-	-
Jayashree A. Dattani	Loan received	-	0.60	1.00	13.80
Jyotsana Dattani	Loan repaid	-	-	13.85	-
(d) Enterprise over which KMP are able to exercise significant influence					
Ajay Kumar V. Dattani (HUF)	Loan received	1.00	0.10	11.55	3.50
Vajubhai Investment Private Limited	Loan repaid	4.40	15.08	0.68	-
Dattani Foundation	Contribution towards corporate social responsibility	4.50	17.23	14.43	9.20
Shantaben Dattani charitable trust	Donation - Others	-	0.50	6.00	-

ii) Balances outstanding as at the period / year end:

Name of related parties	Nature of balances	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
(a) Subsidiary companies					
Sanathan Polycot Private Limited	Investments **	99.00	-	-	-
Universal Texturisers Private Limited	Investments **	135.00	-	-	-
Universal Texturisers Private Limited	Loan receivable **	12.90	-	-	-
(b) KMP					
Ajaykumar V. Dattani	Employee related payables	1.63	8.85	-	0.99
Pareshkumar V. Dattani	Employee related payables	1.63	2.50	-	1.50
Sammir Dattani	Employee related payables	1.13	14.16	-	0.99
Anil Kumar V. Dattani	Employee related payables	1.63	18.00	-	1.47
Dinesh Kumar V. Dattani	Employee related payables	-	14.11	-	1.03
Varun Dattani	Employee related payables	-	25.17	-	0.45
Vallabhdas Dattani	Employee related payables	-	21.54	-	0.57
Ajaykumar V. Dattani	Unsecured loan (payable)	-	54.75	45.64	53.50
Sammir Dattani	Unsecured loan (payable)	-	3.23	3.24	55.50
(c) Relative of KMP					
Dinesh Kumar V. Dattani	Employee related payables	1.10	-	-	-
Varun Dattani	Employee related payables	0.44	-	-	-
Vallabhdas Dattani	Employee related payables	0.57	-	-	-

* These transactions are eliminated on consolidation
** These balances are eliminated on consolidation

e) Additional disclosure in respect of compensation to KMP

Particulars	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
(i) Short-term employee benefits	54.90	356.23	206.23	141.60
(ii) Post-employment benefits	-	-	-	-
(iii) Other long-term benefits (refer note 1 below)	-	-	-	-
(iv) Termination benefits	-	-	-	-
(v) Share based payment	-	-	-	-

Notes:

1. The remuneration to the KMP and relatives of KMP does not include the provision made for gratuity, as gratuity of the company is determined on an actuarial basis for the said entity as a whole.
2. For personal guarantees and securities given by related parties, refer note 15.

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Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary statement of significant accounting policies and other explanatory information to the restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Note 32: Financial instruments

i) Fair values hierarchy
The following explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

Level 1: quoted prices (unadjusted) in active markets for financial instruments.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

30 September 2021

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through profit or loss				
Investments in mutual funds	25.00	-	-	**25.00**
Foreign exchange forward contracts (designated as derivative instruments)	-	3.90	-	**3.90**

31 March 2021

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Fair value through other comprehensive income				
Foreign exchange forward contracts (designated as hedging instruments)	-	3.68	-	**3.68**

31 March 2020

Particulars	Level 1	Level 2	Level 3	Total
Financial liabilities				
Fair value through other comprehensive income				
Foreign exchange forward contracts (designated as hedging instruments)	-	12.14	-	**12.14**
Fair value through profit or loss				
Foreign exchange forward contracts (designated as derivative instruments)	-	14.80	-	**14.80**

31 March 2019

Particulars	Level 1	Level 2	Level 3	Total
Fair value through other comprehensive income				
Foreign exchange forward contracts (designated as hedging instruments)	-	11.53	-	**11.53**

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(All amounts in Rupees millions, unless otherwise stated)

ii) Valuation techniques used to determine fair value
The fair value of the financial assets and liabilities are included at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants. The following methods were used to estimate the fair values:

- Other non-current financial assets and liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.

- Derivative financial assets and liabilities: The Group enters into derivative contracts with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are determined using forward exchange rates at the reporting date.

- Trade receivables, cash and cash equivalents, other bank balances, loans, other current financial assets, trade payables and other current financial liabilities: Approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Borrowings taken by the Group are as per the Group's credit and liquidity risk assessment and there is no comparable instrument having the similar terms and conditions with related security being pledged and hence the carrying value of the borrowings represents the best estimate of fair value.

Fair value of assets and liabilities which are measured at amortised cost for which fair value are disclosed:

Particulars	As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets								
Investments	25.00	25.00	-	-	-	-	-	-
Trade receivables	1,525.41	1,525.41	1,294.91	1,294.91	1,011.64	1,011.64	1,148.73	1,148.73
Cash and cash equivalents	743.95	743.95	265.31	265.31	28.96	28.96	206.97	206.97
Other bank balances	30.30	30.30	323.90	323.90	151.60	151.60	58.73	58.73
Derivative financial assets (designated as hedging instrument)	-	-	3.68	3.68	-	-	11.53	11.53
Derivative financial assets (designated as derivative instrument)	3.90	3.90	-	-	-	-	-	-
Other financial assets	613.69	613.69	381.27	381.27	288.08	288.08	264.14	264.14
Financial liabilities								
Borrowings	4,529.00	4,529.00	5,411.63	5,411.63	6,496.05	6,496.05	5,692.01	5,692.01
Trade payables	3,783.15	3,783.15	3,553.78	3,553.78	2,468.00	2,468.00	3,022.44	3,022.44
Other financial liabilities	449.43	449.43	288.22	288.22	518.56	518.56	277.94	277.94
Derivative financial liabilities (designated as hedging instrument)	-	-	-	-	12.14	12.14	-	-
Derivative financial liabilities (designated as derivative instrument)	-	-	-	-	14.80	14.80	-	-

iii) There have been no transfers amongst the levels of fair value hierarchy during the period / year.

Note 33 : Financial risk management

A) Financial risk management

i) Financial instruments by category

Particulars	As at 30 September 2021			As at 31 March 2021			As at 31 March 2020			As at 31 March 2019		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets												
Investments	25.00	-	-	-	-	-	-	-	-	-	-	-
Trade receivables	-	-	1,525.41	-	-	1,294.91	-	-	1,011.64	-	-	1,148.73
Cash and cash equivalents	-	-	743.95	-	-	265.31	-	-	28.96	-	-	206.97
Other bank balances	-	-	30.30	-	-	323.90	-	-	151.60	-	-	58.73
Derivative financial assets (designated as				0.35	3.33	-	-	-	-	0.23	11.30	-
hedging instrument)	-	-	-									
derivative instrument)	3.90	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	-	-	613.69	-	-	381.27	-	-	288.08	-	-	264.14
Total	**28.90**	**-**	**2,913.35**	**0.35**	**3.33**	**2,265.39**	**-**	**-**	**1,480.28**	**0.23**	**11.30**	**1,678.57**
Financial liabilities												
Borrowings	-	-	4,529.00	-	-	5,411.63	-	-	6,496.05	-	-	5,692.01
Trade payables	-	-	3,783.15	-	-	3,553.78	-	-	2,468.00	-	-	3,022.44
Other financial liabilities	-	-	449.43	-	-	288.22	-	-	518.56	-	-	277.94
hedging instrument)	-	-	-	-	-	-	1.15	10.99	-	-	-	-
derivative instrument)	-	-	-	-	-	-	14.80	-	-	-	-	-
Total	**-**	**-**	**8,761.58**	**-**	**-**	**9,253.63**	**15.95**	**10.99**	**9,482.61**	**-**	**-**	**8,992.39**

Notes:
a) The carrying value of trade receivables, cash and cash equivalents, other bank balances and other financial assets recorded at amortised cost, is considered to be a reasonable approximation of fair value.
b) The carrying value of borrowings, trade payables and other financial liabilities recorded at amortised cost is considered to be a reasonable approximation of fair value.
c) All financial assets and financial liabilities are categorised under level 3 of fair value hierarchy except current investments and derivative financial assets.

ii) Financial risk management
The Group's activities expose it to a variety of financial risks namely market risk, credit risk and liquidity risk. The Group's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Group's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same.

The risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities. The Board of Directors and the relevant Committee is responsible for overseeing the Group's risk assessment and management policies and processes. The Group's financial risk management policy is set by the Holding Company's management.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, other bank balances, trade receivables and other financial assets measured at amortised cost	Ageing analysis	Bank deposits, diversification of asset base, credit limits and collateral
Liquidity risk	Borrowings, trade payables and other financial liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Borrowings taken at floating rates
Market risk - foreign exchange	Receivables and payables in other than functional currency	Sensitivity analysis	Hedging through forward contracts
Market risk - price risk	Investment in mutual funds	Sensitivity analysis	Portfolio diversification

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(All amounts in Rupees millions, unless otherwise stated)

a) Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. Credit risk arises from cash and cash equivalents, deposits 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 Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of allowance for expected credit loss for trade receivables.

The Group'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. Credit risk is managed through credit approvals, establishing credit limits, continuously monitoring the credit worthiness of customers.

In respect of trade receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The Group has very limited history of customer default, and considers the credit quality of trade receivables for evaluation of allowance for expected credit loss.

The credit risk on liquid funds such as balance in current and deposit accounts with banks and derivative financial instruments (included in other financial assets) is limited because the counterparties are banks with high credit-ratings.

Expected credit loss on trade receivables

30 September 2021	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	917.40	365.50	119.10	168.60	**1,570.60**
Allowance for expected credit loss	3.19	5.10	5.50	31.40	**45.19**
Carrying amount of trade receivables	**914.21**	**360.40**	**113.60**	**137.20**	**1,525.41**

31 March 2021	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	941.94	239.20	108.07	38.59	**1,327.80**
Allowance for expected credit loss	3.86	3.29	5.37	20.37	**32.89**
Carrying amount of trade receivables	**938.08**	**235.91**	**102.70**	**18.22**	**1,294.91**

31 March 2020	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	650.74	311.22	31.48	51.47	**1,044.91**
Allowance for expected credit loss	1.45	2.40	1.40	28.02	**33.27**
Carrying amount of trade receivables	**649.29**	**308.82**	**30.08**	**23.45**	**1,011.64**

31 March 2019	0-30 days past due	31-60 days past due	61-90 days past due	More than 90 days past due	Total
Trade receivables	761.51	224.12	84.30	119.47	**1,189.40**
Allowance for expected credit loss	1.92	1.85	2.88	34.02	**40.67**
Carrying amount of trade receivables	**759.59**	**222.27**	**81.42**	**85.45**	**1,148.73**

Trade receivables are generally settled in line with respective industry norms.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with the respective Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The tables below provides details regarding the contractual maturities of financial liabilities into relevant maturity groupings (on discounted basis):

As at 30 September 2021	Up to one year	One to five years	More than five years	Total
Non-derivatives				
Borrowings	1,358.50	1,657.74	1,512.76	4,529.00
Trade payables	3,783.15	-	-	3,783.15
Other financial liabilities	449.43	-	-	449.43
Total	**5,591.09**	**1,657.74**	**1,512.76**	**8,761.59**

As at 31 March 2021	Up to one year	One to five years	More than five years	Total
Non-derivatives				
Borrowings	1,427.21	2,753.66	1,230.76	5,411.63
Trade payables	3,553.78	-	-	3,553.78
Other financial liabilities	288.22	-	-	288.22
Total	**5,269.21**	**2,753.66**	**1,230.76**	**9,253.63**

As at 31 March 2020	Up to one year	One to five years	More than five years	Total
Non-derivative				
Borrowings	2,199.25	2,817.81	1,479.00	6,496.06
Trade payables	2,468.00	-	-	2,468.00
Other financial liabilities	545.50	-	-	545.50
Total	**5,212.75**	**2,817.81**	**1,479.00**	**9,509.56**

As at 31 March 2019	Up to one year	One to five years	More than five years	Total
Non-derivative				
Borrowings	2,107.45	2,668.78	915.77	5,692.00
Trade payables	3,022.44	-	-	3,022.44
Other financial liabilities	277.94	-	-	277.94
Total	**5,407.83**	**2,668.78**	**915.77**	**8,992.38**

Trade payables are generally non-interest bearing and are normally settled in line with respective industry norms.

c) Market risk
Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk- sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments and all short term and long-term debt. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes borrowings, deposits, trade payables, trade receivables, investments, derivative financial instruments and other financial instruments. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities.

(i) Foreign exchange risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's foreign exchange risk arises from its foreign currency borrowings, trade receivables and trade payables denominated in foreign currencies. The results of the Group's operations can be affected as the Indian Rupees ('INR') is volatile against these currencies. The Group enters into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures and also inherent hedging as it is engaged in the export of manufacturing products. The Group has a treasury team which monitors the foreign exchange fluctuations on a continuous basis and advises the management of any material adverse effect on the Group.

The following tables sets forth information relating to foreign currency exposure

	As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
Liabilities	**Foreign currency (in units)**	**Rupees (in millions)**	**Foreign currency (in units)**	**Rupees (in millions)**	**Foreign currency (in units)**	**Rupees (in millions)**	**Foreign currency (in units)**	**Rupees (in millions)**
Borrowings *								
- USD	3,06,65,839	2,277.09	1,06,01,486	779.26	2,22,59,997	1,678.18	3,41,44,185	2,361.80
- EURO	1,24,28,912	1,070.60	1,36,04,818	1,171.36	1,49,07,842	1,238.10	1,65,01,406	1,282.00
Interest payable								
- USD	10,562	0.78	13,313	0.98	93,952	7.08	37,456	2.60
- EURO	1,367	0.12	1,974	0.17	56,517	4.69	3,553	0.30
Trade and other payables								
- JPY	4,64,38,000	30.81	1,46,64,900	9.73	1,25,53,400	8.79	1,23,11,140	7.90
- EURO	7,31,238	62.99	2,01,348	17.34	1,72,138	14.30	3,16,796	24.60
- USD	1,56,15,550	1,159.53	46,10,256	338.91	11,05,798	83.20	8,81,445	61.00
- CHF	20,850	1.66	-	-	-	-	-	-
Assets								
Trade receivables								
- USD	71,92,987	534.12	58,06,416	426.80	-	-	14,93,776	102.01
- EURO	38,016	3.27	-	-	-	-	-	-
Cash and cash equivalents (EEFC accounts)								
- USD	1,00,799	7.48	-	-	-	-	6,75,420	46.70

The abovementioned exposure is unhedged

* Amounts are exclusive of EIR impact as per Ind AS 109 'Financial Instruments'

Foreign currency sensitivity analysis:
The following tables demonstrate the sensitivity to a reasonably possible change in different foreign exchange rates with INR, with all other variables held constant. The impact on the Group's profit or loss before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives. The Group's exposure to foreign currency changes for all other currencies is not material.

Particulars	**Impact on consolidated statement of profit and loss for the period ended 30 September 2021**		**Impact on standalone statement of profit and loss for the year ended 31 March 2021**		**Impact on standalone statement of profit and loss for the year ended 31 March 2020**		**Impact on standalone statement of profit and loss for the year ended 31 March 2019**	
5% movement	**Strengthening of foreign currency**	**Weakening of foreign currency**	**Strengthening of foreign currency**	**Weakening of foreign currency**	**Strengthening of foreign currency**	**Weakening of foreign currency**	**Strengthening of foreign currency**	**Weakening of foreign currency**
On foreign currency assets and liabilities								
- JPY	(1.54)	1.54	(0.49)	0.49	(0.44)	0.44	(0.40)	0.40
- USD	(144.79)	144.79	(34.62)	34.62	(88.42)	88.42	(113.83)	113.83
- EURO	(56.52)	56.52	(59.44)	59.44	(62.85)	62.85	(65.35)	65.35
- CHF	(0.08)	0.08	-	-	-	-	-	-

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

The Group's investments in bank deposits are for short durations, and therefore do not expose the Group to significant interest rates risk.

a. Interest rate risk exposure

The exposure of Group's borrowing to interest rate changes at the end of the reporting period / year are as follows:

Floating rate instruments:	**As at 30 September 2021**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
Borrowings	4,447.40	5,096.41	6,215.65	5,412.35

b. Interest rate sensitivity:
The sensitivity analysis below have been determined based on exposure to interest rates for borrowings at the end of the reporting period / year and the stipulated change taking place at the beginning of the period / year and held constant throughout the reporting period in case of borrowings that have floating rates.

If the interest rates had been 50 basis points higher or lower and all the other variables, in particular foreign currency exchange rates, were held constant, the effect on interest expense for the respective period / years and consequent effect on Group's profit or loss in that period / year would have been as below:

	Impact on profit before tax			
	For the period of 1 April 2021 to 30 September 2021	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Floating rate instruments :				
50 basis points increase	(22.24)	(25.48)	(31.08)	(27.06)
50 basis points decrease	22.24	25.48	31.08	27.06

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

(iii) Price risk
The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. These are exposed to price risk. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds.

	As at 30 September 2021	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
Investments in mutual funds	25.00	-	-	-

	Impact on profit before tax			
	For the period of 1 April 2021 to 30 September 2021	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Price change by :				
100 basis points increase	0.25	-	-	-
100 basis points decrease	(0.25)	-	-	-

B) Derivative financial instruments (designated as hedging instruments):
The Group holds derivative financial instrument i.e., foreign currency forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposure. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that is directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts:

		As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
Particulars	**Buy / sell**	**Foreign currency (in units)**	**Fair value (in Rupee million)**	**Foreign currency (in units)**	**Fair value (in Rupee million)**	**Foreign currency (in units)**	**Fair value (in Rupee million)**	**Foreign currency (in units)**	**Fair value (in Rupee million)**
Foreign currency forward contracts in USD	Sell	-	-	32,36,001	246.67	38,60,699	282.78	48,28,000	352.00

Accounting for cash flow hedge

The objective of hedge accounting is to represent, in the Group's restated consolidated and standalone financial information, the effect of the Group's use of financial instruments to manage exposures arising from particular risks that could affect profit or loss. As part of its risk management strategy, the Group makes use of derivative financial instruments for hedging the risk arising on account of highly probable foreign currency forecasted sales.

The Group has a Board approved policy on assessment, measurement and monitoring of hedge effectiveness which provides a guideline for the evaluation of hedge effectiveness, treatment and monitoring of the hedge effective position from an accounting and risk monitoring perspective. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The Group assesses hedge effectiveness on prospective basis. The prospective hedge effectiveness test is a forward looking evaluation of whether or not the changes in the fair value or cash flows of the hedging position are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged position over the term of the relationship.

For derivative financial instruments designated as hedge, the Group documents, at inception, the economic relationship between the hedging instrument and the hedged item, the hedge ratio, the risk management objective for undertaking the hedge and the methods used to assess the hedge effectiveness. The derivative contracts have been taken to hedge foreign currency fluctuations risk arising on account of highly probable foreign currency forecasted sales. The hedge ratio is 1:1.

The Group applies cash flow hedge to hedge the variability arising out of foreign currency exchange fluctuations on account of highly probable foreign currency forecasted sales. Such contracts are generally designated as cash flow hedges.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The foreign exchange forward contracts are denominated in the same currency as the highly probable forecasted sales. Further, the Group has included the foreign currency basis spread and takes the forward rates in hedging relationship.

Hedge effectiveness is assessed through the application of dollar offset method and designation of forward contract as the hedging instrument. Further to determine hedge effectiveness, Group creates the hypothetical forward contract rate as on the date of reporting and takes mark-to-market rate of forward contract rate in order to determine hedge ineffectiveness. Hedge effectiveness is calculated using the following formula: Change in fair value of hedging instrument / change in fair value of hedged item. Effective portion of cash flow hedge is taken to cash flow hedge reserve, which is a separate portion within equity i.e. other comprehensive income (OCI) and ineffective portion is immediately charged to the restated consolidated and standalone statement of profit and loss. Balances in cash flow hedge reserve are transferred to the statement of profit and loss in the period, when sales occur and cash flows actually effects the profit or loss.

The table below enumerates the Group's hedging strategy, typical composition of the Group's hedge portfolio, the instruments used to hedge risk exposures and the type of hedging relationship:

Type of risk / hedge position	Hedged item	Description of hedging strategy	Hedging instrument	Description of hedging instrument	Type of hedging relationship
Cash flow hedge of foreign currency risk	Highly probable forecasted sales	Foreign currency denominated in proceeds from highly probable forecasted sales is converted into functional currency using a forward contract. Functional currency of the Group is INR.	Foreign exchange forward contracts	Forward contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. These are customised contracts transacted in the over–the–counter market.	Cash flow hedge

The tables below provide details of the financial contracts that have been designated as cash flow hedge for the periods presented:

	Foreign exchange forward contracts							
Reporting date	Notional principal amounts (USD in units)	Derivative financial assets	Derivative financial liabilities	Change in fair value for the period / year recognised in other comprehensive income	Ineffectiveness recognised in the restated consolidated and standalone statement of profit and loss	Line item in the restated consolidated and standalone statement of profit and loss that includes hedge ineffectiveness	Amount reclassified from cash flow hedge reserve to the restated consolidated and standalone statement of profit and loss	Line item in the restated consolidated and standalone statement of profit and loss affected by the reclassification
As at 30 September 2021	-	-	-	-	-	Not applicable	2.53	Revenue from operations
As at 31 March 2021	32,36,001	3.68	-	3.33	0.35	Other income	(7.29)	Revenue from operations
As at 31 March 2020	38,60,699	-	12.15	(10.99)	(1.05)	Other income	7.35	Revenue from operations
As at 31 March 2019	48,28,000	11.53	-	11.30	-	Other income	8.92	Revenue from operations

C) Derivative financial instruments (designated as derivative instruments):
The Group holds derivative financial instrument i.e., foreign currency forward contracts to mitigate the risk of changes in exchange rate on foreign currency exposure. The counterparty for these contracts is generally a bank or a financial institution. These derivative financial instruments are valued based on inputs that is directly or indirectly observable in the marketplace.

The following table gives details in respect of outstanding foreign exchange forward contracts:

		As at 30 September 2021		As at 31 March 2021		As at 31 March 2020		As at 31 March 2019	
Particulars	Buy / sell	Foreign currency (in units)	Fair value (in Rupee millions)	Foreign currency (in units)	Fair value (in Rupee millions)	Foreign currency (in units)	Fair value (in Rupee millions)	Foreign currency (in units)	Fair value (in Rupee millions)
Foreign currency forward contracts in USD	Sell	36,06,280	277.90	-	-	1,05,00,000	791.60	-	-

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(All amounts in Rupees millions, unless otherwise stated)

Note 34 : Capital management

The Group's objective while managing capital is to safeguard its ability to continue as a going concern, maintain an optimal and efficient capital structure and reduce the cost of capital.

The Holding Company's management assesses the Group's capital requirements in order to maintain an efficient overall financing structure. The Group manages the capital structure and makes adjustments to it in the light of changes in the economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The Group is not subject to externally imposed capital requirements.

The Group has complied with debt covenants as per the terms of the borrowing facility arrangements. The Group manages its capital requirements by overseeing the gearing ratio.

Particulars	**As at 30 September 2021**	**As at 31 March 2021**	**As at 31 March 2020**	**As at 31 March 2019**
Debt (excluding accrued interest)	4,529.00	5,411.63	6,496.06	5,692.00
Total equity	8,010.32	6,309.11	4,443.70	3,995.06
Gearing ratio	**56.54%**	**85.78%**	**146.18%**	**142.48%**

Note 35 : Corporate social responsibility ('CSR')

As per section 135 of the Act, and rules therein, the Holding Company is required to spend at least 2% of its average net profits for three immediately preceding financial years towards CSR activities. The Holding Company has formulated a CSR committee as per the Act. The funds are utilised on the activities which are specified in Schedule VII of the Act. Details of CSR expenditure are as follows:

	For the period of 1 April 2021 to 30 September 2021	**For the year ended 31 March 2021**	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
a. Gross amount required to be spent by the Holding Company pursuant to section 135(5) of the Act *	28.20	17.40	14.75	9.20
b. Amount of expenditure incurred:				
(i) Contribution made to Dattani Foundation for CSR activities (refer note 31)	4.50	17.22	14.43	9.20
(ii) Purchase of oximeter for village	0.06	-	-	-
(iii) Distribution of preventive medicine in village	0.13	-	0.31	-
(iv) Repairing work of anganvadi	0.20	0.18	-	-
(v) Others	0.08	-	0.01	-
Total	**4.97**	**17.40**	**14.75**	**9.20**
c. Shortfall at the beginning of the period / year	-	-	-	-
d. Shortfall at the end of the period / year	-	-	-	-

* The amount of profits used for the computation of CSR expenditure to be spent in accordance with section 135 of the Act is without considering impact of restatement adjustments.

Notes:

The Holding Company's spent towards CSR does not involve any long term projects and accordingly, disclosure requirements relating to ongoing projects is not applicable as at reporting date.

Note 36 : Auditor's remuneration (excluding goods and service tax, as applicable)

	For the period of 1 April 2021 to 30 September 2021	**For the year ended 31 March 2021**	**For the year ended 31 March 2020 #**	**For the year ended 31 March 2019 #**
Payment to auditors:				
As auditors	1.73	3.00	0.50	0.50
For other services	-	-	0.25	0.25
	1.73	**3.00**	**0.75**	**0.75**

Represents remuneration to the predecessor auditor

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(All amounts in Rupees millions, unless otherwise stated)

Note 37 : Contingent liabilities and commitments

i) Contingent liabilities

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
a) Central excise matters	50.70	50.69	50.69	50.69
b) Service tax matters	4.00	-	-	-
c) Income-tax matters	24.00	23.90	10.87	10.87
d) Goods and service tax matters	120.40	-	35.50	25.70
e) Sales tax matters	28.90	-	-	-

Notes:
(i) It is not practicable for the Group to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
(ii) The amounts disclosed above represent the best possible estimates arrived at on the basis of available information and does not include penalty, if any.

ii) Commitments

Commitments (in addition to the commitment towards export obligation stated in note 38 below).	628.90	-	-	-

Note 38 : Government grants

The disclosures pursuant to Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance' are as follows:

	30 September 2021	31 March 2021	31 March 2020	31 March 2019
Deferred government grants at the beginning of the period / year	35.53	63.51	75.33	130.84
Add: Government grant received during the period / year	40.47	3.99	6.70	-
Less: Government grant offered to the restated consolidated and standalone statement of profit and loss during the period / year	26.30	31.97	18.52	55.51
Deferred government grants at the end of the period / year	**49.70**	**35.53**	**63.51**	**75.33**
Current	25.50	35.33	11.81	50.35
Non-current	24.20	0.20	51.70	24.98

Government grants relating to PPE relate to duty saved on import of capital goods and spares under the Export Promotion Capital Goods scheme. Under this scheme, the Group is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Group would be required to pay the duty saved along with interest to the regulatory authorities.

The primary conditions attached to the aforementioned grant is the fulfilment of export obligations, and thus, the grant is recognised in the restated consolidated and standalone statement of profit and loss to the extent such obligations have been fulfilled.

Pending export obligations attached to above grant	297.74	213.50	380.82	451.96

Note 39 : Segment reporting

(a) Operating segment
Ind AS 108 'Operating Segments' ('Ind AS 108') establishes standards for the way that business enterprises report information about operating segments and related disclosures about revenue, geographic areas and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker ('CODM') monitors and reviews the operating results of the Group as one segment i.e., 'Yarn manufacturing'. Since the entire business falls within a single operational segment, these restated consolidated and standalone financial information are reflecting the information required by Ind AS 108.

(b) Geographical segment

(i) Revenue from operations disaggregated based on geography

Particulars	For the period of 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
India	12,540.50	16,764.82	17,317.27	19,430.13
Outside India	1,768.90	2,418.73	3,848.73	3,973.77
Revenue from operations	**14,309.40**	**19,183.55**	**21,166.00**	**23,403.90**

Note: Considering the nature of business in which the Group operates, the Group deals with various customers across multiple geographies. However, none of the geographies contribute materially to the revenue of the Group.

(ii) Non-current assets based on geography (location of assets)

Particulars	For the period of 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
India	9,338.29	8,962.21	9,121.11	8,135.57
Outside India	-	-	-	-
Segment assets	**9,338.29**	**8,962.21**	**9,121.11**	**8,135.51**
Unallocable	104.31	118.77	85.96	249.40
Total non-current assets	**9,442.60**	**9,080.98**	**9,207.07**	**8,384.91**

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Note 40 : Revenue from operations

(a) Performance obligation
The performance obligation of Group is satisfied at a point in time.

Revenue from sale of products and stock-in-trade
Revenue from sale of products and stock-in-trade is recognised when the Group satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset which is generally on dispatch of products or on delivery of products.

(b) Revenue from contract with customers

	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products	13,722.70	18,665.99	20,884.79	23,104.30
Sale of stock-in-trade	311.50	183.00	15.40	10.21

(c) Trade receivables
The outstanding balance of trade receivables after considering allowance for expected credit loss is presented in below table:

	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Trade receivables	1,525.41	1,294.91	1,011.64	1,148.73

Note 41 : Disclosure of ratios

Type of ratio	Formula for computation	Measure (in times / percentage)	Ratio			
			30 September 2021*	31 March 2021	31 March 2020	31 March 2019
(a) Current ratio	Current assets / Current liabilities	Times	1.41	1.32	1.00	0.91
(b) Debt-equity ratio	Debt / Net worth	Times	0.57	0.86	1.46	1.42
(c) Debt service coverage ratio	EBITDA / (Finance costs + Principal repayment of long term borrowings within one year)	Times	3.33	1.88	1.55	1.62
(d) Return on equity ratio	Profit after tax / Net worth	Percentage	35.16%	29.42%	10.36%	13.82%
(e) Inventory turnover ratio	Cost of goods sold / Average inventory	Times	5.27	4.12	5.60	6.90
(f) Trade receivable turnover ratio	Revenue from operations / Average gross trade receivables	Times	19.75	16.17	18.95	20.32
(g) Trade payable turnover ratio	Net purchases / Average trade payables	Times	5.23	3.90	5.14	5.70
(h) Net capital turnover ratio	Revenue from operations / Net assets	Times	2.52	1.79	2.34	3.07
(i) Net profit ratio	Profit after tax / Revenue from operations	Percentage	11.94%	9.68%	2.17%	2.36%
(j) Return on capital employed	EBIT / Capital employed	Percentage	38.55%	29.42%	13.36%	17.69%
(k) Return on investment	Profit before tax / Total assets	Percentage	25.75%	15.39%	5.10%	6.22%

* annualised ratios

Notes:
1 Debt = Non-current borrowings + Current borrowings
2 Net worth = Paid-up share capital + Reserves created out of profit - Accumulated losses
3 EBITDA = Earnings before finance costs, depreciation expense and tax
4 Cost of goods sold = Cost of materials consumed + Purchase of stock-in-trade + Changes in inventories of finished goods, stock-in-trade and work-in-progress
5 Net purchase = Purchase of stock-in-trade + Cost of materials consumed + Closing inventory of raw materials - Opening inventory of raw materials
6 Net assets = Property, plant and equipment (including CWIP) + Current assets - Current liabilities
7 EBIT = Earnings before interest and tax
8 Capital employed = Total equity + Non-current borrowings

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary statement of significant accounting policies and other explanatory information to the restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Disclosure for change in ratio by more than 25%:

Type of ratio	Variation in ratio between 30 September 2021 and 31 March 2021	Reasons for variance
(a) Current ratio	7%	Refer note below
(b) Debt-equity ratio	(34)%	Owing to reduction in borrowings
(c) Debt service coverage ratio	77%	Owing to increase in EBITDA vis-à-vis previous year
(d) Return on equity ratio	19%	Refer note below
(e) Inventory turnover ratio	28%	Owing to increase in operations and not corresponding increase in inventory levels
(f) Trade receivable turnover ratio	22%	Refer note below
(g) Trade payable turnover ratio	34%	Owing to increase in purchases and not corresponding increase in trade payables
(h) Net capital turnover ratio	41%	Owing to increase in operations
(i) Net profit ratio	23%	Refer note below
(j) Return on capital employed	31%	Owing to increase in EBIT vis-à-vis previous year
(k) Return on investment	67%	Owing to increase in operations

Disclosure for change in ratio by more than 25%:

Type of ratio	Variation in ratio between 31 March 2021 and 31 March 2020	Reasons for variance
(a) Current ratio	32%	Owing to increase in advance given to suppliers and closing inventory
(b) Debt-equity ratio	(41)%	Owing to repayment of borrowings
(c) Debt service coverage ratio	22%	Refer note below
(d) Return on equity ratio	184%	Owing to increase in profit after tax due to reduction in depreciation expense and cost of material consumed
(e) Inventory turnover ratio	(26)%	Owing to reduction in cost of goods sold
(f) Trade receivable turnover ratio	(15)%	Refer note below
(g) Trade payable turnover ratio	(24)%	Refer note below
(h) Net capital turnover ratio	(23)%	Refer note below
(i) Net profit ratio	345%	Owing to substantial increase in profit after tax vis-à-vis reduction in revenue from operations
(j) Return on capital employed	120%	Owing to increase in EBIT and repayment of borrowings
(k) Return on investment	202%	Owing to increase in profit before tax

Disclosure for change in ratio by more than 25%:

Type of ratio	Variation in ratio between 31 March 2020 and 31 March 2019	Reasons for variance
(a) Current ratio	10%	Refer note below
(b) Debt-equity ratio	3%	
(c) Debt service coverage ratio	(5)%	
(d) Return on equity ratio	(25)%	
(e) Inventory turnover ratio	(19)%	
(f) Trade receivable turnover ratio	(7)%	
(g) Trade payable turnover ratio	(10)%	
(h) Net capital turnover ratio	(24)%	
(i) Net profit ratio	(8)%	
(j) Return on capital employed	(24)%	
(k) Return on investment	(18)%	

Note: Since the change in ratio is less than 25%, no explanation is required to be furnished.

(All amounts in Rupees millions, except ratios)

Note 42 : Group information pursuant to schedule III of the Act of the entities consolidated within the Group:

Name of the entity in the Group	Net assets (total assets minus total liabilities)	Share in profit or loss (after tax)	Share in other comprehensive income	Share in total comprehensive income
Parent				
Sanathan Textiles Limited				
% of the consolidated amounts	100.01%	100.05%	100.00%	100.05%
Amount*	8,011.12	1,708.69	(4.04)	1,704.64
Subsidiary companies (group's share)				
Sanathan Polycot Private Limited				
% of the consolidated amounts	1.22%	(0.05)%	0.00%	(0.05)%
Amount*	98.10	(0.91)	-	(0.91)
Universal Texturisers Private Limited				
% of the consolidated amounts	0.91%	0.00%	0.00%	0.00%
Amount*	72.74	-	-	-
Inter-company eliminations				
% of the consolidated amounts	(2.14)%	0.00%	0.00%	0.00%
Amount	(171.64)	-	-	-
Total (%)	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Total (Amount)	**8,010.32**	**1,707.78**	**(4.04)**	**1,703.73**

*Before eliminating inter-group transactions and inter-group balances

Since the aforementioned subsidiary companies were incorporate or acquired during the six-months period ended 30 September 2021, the above information is applicable only as at and for the period ended 30 September 2021 and not relevant as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019.

Note 43 : Business combination

(a) Summary of acquisition

Vide acquisition of 4,998,499 equity shares of Universal Texturisers Private Limited ('UTPL'), effective 26 September 2021, UTPL has become a wholly owned subsidiary of Sanathan. This acquisition will further enable the Holding Company to expand its business in the textile industry.

(b) Purchase consideration

	Amount
Cash paid	135.00
Total purchase consideration	**135.00**

(c) Assets and liabilities assumed

The fair value of net assets assumed was calculated using asset approach model.

Particulars	**Amount**
Assets	
Property, plant and equipment	142.83
Income-tax assets (net)	0.52
Cash and cash equivalents	0.10
Other financial assets	0.09
Other current assets	0.07
Total assets	**143.61**
Liabilities	
Borrowings*	12.90
Trade payables	0.20
Total liabilities	**13.10**
Net identifiable assets acquired	**130.51**

*Represents borrowings from related parties

(d) Calculation of goodwill

Purchase consideration	135.00
Less: Net identifiable assets acquired	130.51
Add: Deferred tax liability created on fair value of net assets acquired under Ind AS 103 'Business Combination'	14.60
Goodwill**	**19.09**

**Goodwill will not be deductible for tax purposes

(e) Purchase consideration - cash outflow

	Amount
Outflow of cash to acquire subsidiary, net of cash acquired (investing activity)	134.90

Sanathan Textiles Limited
(Formerly known as Sanathan Textiles Private Limited)
Summary statement of significant accounting policies and other explanatory information to the restated consolidated and standalone financial information
(All amounts in Rupees millions, unless otherwise stated)

Note 44 : Summary of restatement adjustments made
(A) Impact on restated consolidated and standalone net profit after tax:

Particulars	Impact on profit for the year ended 31 March 2020	Impact on profit for the year ended 31 March 2019	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
A) Net profit after tax as per audited consolidated and standalone statement of profit and loss			**1,707.78**	**1,856.31**	**514.20**	**592.91**
B) Restatement adjustments						
(i) Impact related to revenue cut off (refer note (a) below)						
Revenue from operations	Increase in profit	Reduction in profit	-	-	127.76	(14.82)
Changes in inventories of finished goods, stock-in-trade and work-in-progress	Reduction in profit	Increase in profit	-	-	128.81	(30.26)
(ii) Impact related to government grants (refer note (b) below)						
Revenue from operations	Reduction in profit	Increase in profit	-	-	(19.94)	17.07
Depreciation expense	Increase in profit	Increase in profit	-	-	(10.23)	(10.13)
(iii) Impact related to defined benefit plan (refer note (c) below)						
Employee benefits expense	Reduction in profit	Reduction in profit	-	-	5.49	5.04
(iv) Impact related to property, plant and equipment (refer note (d) below)						
Depreciation expense	Reduction in profit	Reduction in profit	-	-	53.00	100.84
Other expenses	Increase in profit	Not applicable	-	-	(1.48)	-
(v) Impact related to allowance for expected credit loss (refer note (e) below)						
Other expenses	Not applicable	Reduction in profit	-	-	-	8.89
Other income	Increase in profit	Not applicable	-	-	7.50	-
(vi) Impact related to cash flow hedge reserve (refer note (f) below)						
Revenue from operations	Increase in profit	Not applicable	-	-	11.30	-
Other expenses	Reduction in profit	Not applicable	-	-	3.77	-
(vii) Deferred tax impact on above adjustments	Reduction in profit	Increase in profit	-	-	1.30	(31.47)
C) Total impact of restatement adjustments	**Reduction in profit**	**Reduction in profit**	**-**	**-**	**(54.04)**	**(40.65)**
D) Net profit after tax as per restated consolidated and standalone statement of profit and loss (A+C)			**1,707.78**	**1,856.31**	**460.16**	**552.26**

(B) Impact on restated consolidated and standalone total comprehensive income ('TCI'):

Particulars	Impact on TCI for the year ended 31 March 2020	Impact on TCI for the year ended 31 March 2019	For the period 1 April 2021 to 30 September 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
A) Total comprehensive income as per audited consolidated and standalone statement of profit and loss			**1,703.73**	**1,858.12**	**500.10**	**586.36**
B) Restatement adjustments						
(i) Impact related to cash flow hedge reserve (refer note (f) below)						
Net changes in the fair value in cash flow hedge	Increase in TCI	Increase in TCI	-	-	8.70	14.01
(i) Impact related to defined benefit plan (refer note (c) below)						
Remeasurement impact on defined benefit plan	Increase in TCI	Not applicable	-	-	6.86	-
(iii) Deferred tax impact on above adjustments	Reduction in TCI	Reduction in TCI	-	-	(5.63)	(3.95)
C) Total impact of restatement adjustments (A + B)			**-**	**-**	**9.93**	**10.06**
D) Impact on profit or loss			-	-	(54.04)	(40.55)
E) Total comprehensive income as per restated consolidated and standalone statement of profit and loss (C + D)			**1,703.73**	**1,858.12**	**455.99**	**555.87**

(C) Impact on total equity:

Particulars	As at 30 September 2021	As at 31 March 2021	As at 31 March 2020	As at 31 March 2019
Total equity as per audited consolidated and standalone balance sheet	**8,010.32**	**6,309.11**	**4,632.23**	**4,132.13**
Cumulative impact on statement of profit and loss	-	-	(137.07)	(97.56)
Impact on statement of profit and loss for the current year	-	-	(44.11)	(30.59)
Reconciliation adjustment **	-	-	(7.35)	(8.92)
Total equity as per restated consolidated and standalone statement of assets and liabilities	**8,010.32**	**6,309.11**	**4,443.70**	**3,995.06**

** Represents amount transferred from cash flow hedge reserve to retained earnings being reconciliation adjustment.

Notes:
(a) Impact related to revenue cut off
The revenue recognition particularly towards the year end was not in accordance with the prescribed accounting standard. Sanathan has recorded the appropriate adjustments to comply with the accounting standard in the respective years.

(b) Impact related to government grants
Under the Export Promotion Capital Goods ('EPCG') scheme, Sanathan is eligible for waiver of custom duty on imported capital goods subject to fulfilment of certain specified conditions. Such benefit needs to be accounted for per Ind AS 20 'Accounting for Government Grants and Disclosure of Government Assistance'. Sanathan was unwinding the deferred grant based on the estimated useful life of property, plant and equipment instead of unwinding it based on the export obligation fulfilled. Based on the aforementioned, Sanathan has recorded the appropriate adjustments in the respective years.

(c) Impact related to defined benefit plan
Sanathan was creating provision for defined benefit obligation (i.e., gratuity) only for those employees who have completed five years of service. Sanathan has appropriately recorded the impact of the unvested obligation on the abovementioned defined benefit plan in the respective years.

(d) Impact related to property, plant and equipment
Sanathan has appropriately computed the depreciation of certain plant and equipment and recorded the appropriate adjustments in the respective years.

(e) Impact related to allowance for expected credit loss
Sanathan was not creating allowance for expected credit loss in accordance with Ind AS 109 'Financial Instruments' and has now adopted the simplified approach for computing expected credit loss in accordance with the aforementioned standard and has recorded the appropriate adjustments in the respective years.

(f) Impact related to cash flow hedge reserve
Sanathan, in the previous years, had voluntarily opted for hedge accounting given under Ind AS 109 'Financial Instruments'. However, it was amortising forward premium based on the life of forward contract. Sanathan has now adopted the appropriate accounting treatment in accordance with Ind AS 109 'Financial Instruments' and has recorded the appropriate adjustments in the respective years.

(D) Material regroupings
Appropriate regroupings have been made in the restated financial information wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to align them with the accounting policies and classification as per the special purpose interim consolidated financial statements of the Group for the period ended 30 September 2021, prepared in accordance with the Act, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the 'SEBI ICDR Regulations') and the Guidance Note on Reports in Company Prospectuses (Revised 2019) as issued by the Institute of Chartered Accountants of India.

(E) The above reconciliation, *inter alia*, includes the impact of the adjustments recorded to incorporate the material errors which were rectified in the statutory accounts of the Company in the year ended 31 March 2021 by restating the comparative amounts as at and for the year ended 31 March 2020 and the opening balances of assets, liabilities and equity (i.e., 01 April 2019) and for which the auditors had given an emphasis of matter paragraph in their audit report for the year ended 31 March 2021. Further, the modified opinion of the independent auditor's report on the Internal Financial Controls with reference to the financial statements for the year ended 31 March 2021 did not result in any other adjustment to be incorporated in these restated consolidated and standalone financial information. Further, other than the aforementioned, there are no qualifications in the audit reports for the six-months period ended 30 September 2021 and years ended 31 March 2020 and 31 March 2019 which would result in any other adjustment(s).

Note 45 : Leases

The Group's leased assets primarily consists of leases for staff quarters and offices, having different lease terms primarily term of twelve months or less and of low-value assets for which the Group has exercised exemption under Ind AS 116 'Leases'. Therefore, the lease payments related to such arrangements are charged to the restated consolidated and standalone statement of profit and loss under the head 'Rent' (other expenses).

Note 46 : Code of social security

The Code of Social Security, 2020 ('Code') relating to employee benefits during employment and post employment received Presidential assent in September 2020. Subsequently, the Ministry of Labour and Employment had released the draft rules on the aforementioned Code. However, the same is yet to be notified, except section 142 of the Code that has been made effective by Central Government with effect from 3 May 2021.

Note 47 : Impact of COVID-19 impact

The Group continues to closely monitor the impact of the Coronavirus Disease 2019 (COVID-19), which was declared as a pandemic by the World Health Organisation and has made detailed assessment of the impact of the aforementioned pandemic on its liquidity position and recoverability of its assets as at the balance sheet date and currently believes that there will not be any significant adverse impact on the long-term operations, financial position and performance of the Group.

These are the significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No. : 001076N/N500013

Rajni Mundra
Partner

Membership No. 058644

For and on behalf of the Board of Directors

Pareshkumar V. Dattani
Chairman and Managing Director
DIN : 00163591

Ajaykumar V. Dattani
Joint Managing Director
DIN : 00163739

Nidhi Batavia
Chief Financial Officer

Jude Patrick D'souza
Company Secretary and Compliance Officer
Membership No. 44812

Place: Mumbai
Date: 03 January 2022

OTHER FINANCIAL INFORMATION

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company for Fiscals 2021, 2020 and 2019 (collectively, the "**Audited Financial Statements**") are available on our website at https://www.sanathan.com/financial-information.php.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere. The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company or any entity in which our Shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor BRLMs or the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Financial Statements, or the opinions expressed therein.

[*The rest of this page is intentionally left blank*]

Set forth below are the details of accounting ratios as of six months ended September 30, 2021, Financial Year ended 2021, the period ended 2020 and the period ended 2019 calculated based on the Restated Financial Statement:

Particulars	Half year ended 30 September 2021	Year ended 31 March 2021	Year ended 31 March 2020	Year ended 31 March 2019
Restated profit for the year/ period (A) (₹ in million)	1,707.78	1,856.31	460.16	552.26
Weighted average number of equity shares in calculating basic EPS (B)	71,943,000	71,943,000	71,943,000	71,943,000
Weighted average number of equity shares in calculating diluted EPS (C)	71,943,000	71,943,000	71,943,000	71,943,000
Basic Earnings per share (in ₹) (D = A/B)	23.75	25.80	6.40	7.68
Diluted Earnings per share (in ₹) (E = A/C)	23.75	25.80	6.40	7.68
Total Equity (F) (₹ in million)	8,010.32	6,309.11	4,443.70	3,995.06
Return on Equity (G = A/F *100)	21.32%*	29.42%	10.36%	13.82%
Net Asset Value per Equity Share (basic) (J = F/B) (in ₹)	111.34	87.70	61.77	55.53
Net Asset Value per Equity Share (diluted) (K = F/C) (in ₹)	111.34	87.70	61.77	55.53
EBITDA (₹ in million) (L)	2,612.07	3,279.44	2,126.55	2,346.71
Revenue from operations (₹ in million) (M)	14,309.40	19,183.55	21,166.00	23,403.90
EBITDA Margin# (%) (N = L / M * 100)	18.25%	17.10%	10.05%	10.03%

(Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.
**not annualised*

Notes: -
1. Basic Earnings per share and Diluted Earnings per share for the half year ended September 30 2021, are not annualised

Reconciliation of Net Profit to EBITDA for six months ended September 30, 2021, Financial Year ended 2021, the period ended 2020 and the period ended 2019 calculated based on the Restated Financial Statement:

Particulars (in million)	**Half year ended 30 September 2021**	**Year ended 31 March 2021**	**Year ended 31 March 2020**	**Year ended 31 March 2019**
Restated profit for the year/ period	1,707.78	1,856.31	460.16	552.26
Add : Tax Expense	572.13	670.73	280.73	283.52
Add : Depreciation and Amortisation Expense	207.86	397.69	1,027.80	1,066.88
Add : Finance Cost	203.70	500.86	426.85	505.41
Less : Other Income	(79.40)	(146.15)	(68.99)	(61.36)
EBITDA	**2,612.07**	**3,279.44**	**2,126.55**	**2,346.71**

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at September 30, 2021, on the basis of our Restated Financial Statement, and as adjusted for the Offer. This table should be read in conjunction with the sections "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Information*" and "*Risk Factors*" on pages 293, 230 and 31, respectively.

(₹ in million, except ratios)

Particulars	Pre-Offer as at September 30, 2021	As adjusted for the proposed Offer*
Total Borrowings		
Current borrowings (including current maturities of long term borrowings)	1,358.50	[●]
Non-current borrowings	3,170.50	[●]
Total Borrowings (A)	4,529.00	[●]
Total Equity		
Equity share capital	719.43	[●]
Other Equity	7,290.89	[●]
Total Equity (B)	**8,010.32**	[●]
Ratio: Non-Current Borrowings /Total Equity	**0.40**	[●]
Ratio: Total Borrowings/ Total Equity	**0.57**	[●]

** To be updated upon finalization of the Offer Price.*

Note:

1. *The above has been derived from the Restated Financial Statement.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the information in the section titled "Summary of Financial Information", and our Restated Financial Statement included in the section titled "Financial Statements" on pages 63 and 230, respectively. Unless the context requires otherwise, the following discussion and analysis of our financial condition and results of operations as of and for the six-month period ended September 30, 2021, Fiscals 2021, 2020 and 2019 is derived from our Restated Financial Statement, including the notes, annexures and schedules thereto, which have been derived from our audited financial statements as of and for the six-month period ended September 30, 2021, Fiscals 2021, 2020 and 2019, and prepared in accordance with the applicable provisions of the Companies Act, the Ind AS and restated in accordance with the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI and the SEBI ICDR Regulations. The Ind AS differs in certain material respects from IFRS, U.S. GAAP and GAAP in other countries and other accounting principles with which prospective investors may be familiar. Our Company does not provide reconciliation of its financial information to IFRS, U.S. GAAP or GAAP in other countries. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial information. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting principles, policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting principles, policies and practices on the financial disclosures presented in this section should accordingly be limited.

Our financial year ends on March 31 of each year. Accordingly, references to "Fiscal 2021", "Fiscal 2020" and "Fiscal 2019", are to the 12-month period ended March 31 of the relevant year.

Statements contained in this discussion that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could affect our financial condition, results of operations and cash flows. Prospective investors in the Equity Shares are cautioned not to place undue reliance on these forward-looking statements.

You are also advised to read the sections titled "Forward-looking Statements" and "Risk Factors" on pages 29 and 31, respectively, which discuss a number of factors or contingencies that could affect our business, financial condition and results of operations.

Overview

We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors. (***Source:*** *CRISIL Report*). All the three yarn verticals are housed under a single corporate entity. This has facilitated our diversification into new segments which in turn has helped us in serving a large number of customers across various sectors. As on September 30, 2021, we have a diversified product portfolio with capability to manufacture more than 12,900 varieties of yarn products with more than 100,000 SKUs that are used in various forms and for varied end uses.

We have a high share of value-added products, with the share of income from value-added products to the total revenue being 52.16%, 51.31%, 41.97% and 39.37%, for the six-month period ended September 30, 2021, Fiscals 2021, 2020, and 2019, respectively. We believe that this has resulted in higher EBITDA margins for our Company.

Our business is divided into three separate yarn business verticals, consisting of: a) Polyester yarn products; b) Cotton yarn products; and c) Yarns for technical textiles and industrial uses. The revenue mix from the three verticals for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019 and was:

(₹ in million)

Business vertical	For the six-month period ended September 30, 2021	Fiscal 2021	Fiscal 2020	Fiscal 2019
Polyester yarn products	11,556.33	15,467.29	18,591.73	20,733.89
Cotton yarn products	2,408.70	3,196.49	1,965.56	1,953.21
Industrial and technical textiles yarns	344.37	519.76	608.71	716.79

Our products are manufactured at our facility at Silvassa. Over the years, our Company has scaled up its production and as on September 30, 2021, it had a total capacity of 221,050 MTPA across the three yarn verticals. We manufacture polyester chips using purified terephthalic acid ("**PTA**") and mono ethylene glycol ("**MEG**"), and convert the chips into polyester yarn through various intermediate processing to impart specific properties to the yarn. (***Source:*** *CRISIL Report*).

Exports accounted for 12.36%, 12.61%, 18.18% and 16.98% of Revenue from Operations for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019 respectively. For Fiscal 2021, our Company exported its products to more than 41 countries with more than 50% of the revenue from export sales coming from Argentina, South Korea, Brazil and Turkey. The export sales on this scale are possible due to our global distribution network. As on September 30, 2021, we had more than 295 distributors in more than 37 countries including India. We believe that such a global distribution network is instrumental in an effective supply-chain management as well minimizes risks that may emanate from any geographical concentration.

Our Promoters have a cumulative experience of over 100 years in the textile industry with more than 40 years in the yarn business. Our Promoter and Chairman & Managing Director, Pareshkumar Dattani has over 42 years of experience in the textile industry and has been responsible in augmenting relationships with various stakeholders which has helped our Company expand by increasing its product portfolio on a continuous basis. Our Joint Managing Director and Promoter, Ajaykumar Dattani, our Promoters, Anilkumar Dattani and Dineshkumar Dattani, all have considerable experience in the textile industry, which has contributed to the growth trajectory of our Company. For further details, see "*Our Promoters and Promoter Group*" on page 220.

We are an environmentally conscious Company, and we encourage the use of renewable resources. As of September 30, 2021, our Company had installed rooftop solar projects at our Silvassa facility with a capacity of 2.3 MW. Further, for Fiscal 2021, 5% of the energy consumed is derived from renewable resources, i.e., the rooftop solar projects at our Silvassa facility. Our Company's consumption of electricity consumed per kg of yarn manufactured has reduced from 0.78 kWh in Fiscal 2019 to 0.72 kWh in Fiscal 2021 for polyester and from 6.50 kWh in Fiscal 2019 to 6.42 kWh in Fiscal 2021 for cotton. Further, our facility is designed with 'Zero Liquid Discharge Solution', where no industrial wastewater is discharged into surface waters, thereby minimizing environmental pollution. We also manufacture products from recycled materials.

We believe that our scale of operations and vast distribution network along with our customers' confidence have had a significant impact on our revenues and profitability as disclosed below:

(₹ in million)

Particulars	Fiscal 2021	Fiscal 2020	Fiscal 2019
Revenue from operations	19,183.55	21,166.00	23,403.90
EBITDA(1)	3,279.44	2,126.55	2,346.71
EBITDA margins(2)	17.10%	10.05%	10.03%
Profit after tax	1,856.31	460.16	552.26
Return on equity (3)	29.42%	10.36%	13.82%
Return on capital employed (4)	29.42%	13.36%	17.69%
Net debt(5)	5,146.32	6,467.09	5,485.04
Net debt / EBITDA	1.57	3.04	2.34
Fixed asset turnover ratio(6)	2.16	2.34	2.93
Working capital cycle(7)	54	38	24

(1) Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income

(2) (Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.

(3) Profit after tax / Net worth. (Net worth =Total Equity)

(4)EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Non-current borrowings)

(5) Current Borrowings + Non-current borrowings – cash and cash equivalents

(6) Revenue from operations / Net block of property, plant and equipment.

(7) Number of days for current assets@ - Number of days for current liabilities@@

@ (365 / Raw materials consumed x Raw materials)+(365 / Raw materials consumed x Work-in-progress)+(365 / Raw materials consumed x finished goods)+(365 / Raw materials consumed x Intermediate products)+(365 / Raw materials consumed x Stock-in-trade)+(365 / Raw

materials consumed x Stores and packing materials)+(365 / Revenue from operations x Trade receivables)+(365 / Revenue from operations x Cash and cash equivalents)+(365 / Revenue from operations x Other bank balances)+(365 / Revenue from operations x Other financial assets)+(365 / Revenue from operations x Other current assets)

@@ (365/ Raw materials consumed x Trade payables)+(365/ Revenue from operations x Other financial liabilities)+(365/ Revenue from operations x Other current liabilities)+(365/ Revenue from operations x Provisions)

Significant factors affecting our financial condition and results of operations

Our business, financial condition and results of operations have been, and are expected to be, influenced by numerous factors. A summary of the most important factors that have had, and that we expect will continue to have, a significant impact on our business, results of operations and financial condition follows below:

Raw materials cost

We source raw materials, such as Purified Terephthalic Acid, Monoethylene Glycol, raw cotton, IDY chips and other additives from our suppliers with whom we have established long-standing relationships in order to ensure the consistent supply of products to our customers. We do not enter into formal arrangements or contracts with certain of our suppliers and instead issue purchase orders to source our materials on an as-needed basis to such suppliers. For certain raw materials, we enter into quantity based contracts with the suppliers where the pricing is not fixed. For the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019, we imported 27.60%, 18.78%, 28.15% and 21.39%, respectively of our total raw materials requirement. These raw materials may be subject to foreign exchange fluctuations, political uncertainty, etc. Our cost of goods sold is impacted by the amount of raw materials procured and the price at which we procure such raw materials, and may fluctuate from time to time. The availability and price of our raw materials 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.

Competition

We face competition in all our main business lines. Since our business is competitive, some of our key competitors that have diversified businesses, may have greater resources and offer a broader range of products than ours. Such competitors may also have longer operating histories, greater financial, technical, product development and marketing resources and greater brand recognition. Such competitors could use these resources to market or develop their products that are more effective or less costly than our products or that could render any or all of our products obsolete. Competitive pressures could also affect the pricing of our products. Greater competition for particular products could have a negative impact on pricing. Our success is dependent upon our ability to compete against such competitors. We will continue to seek to distinguish our offerings by providing quality products at competitive prices.

Government policies

Our business and revenues are dependent on policies and regulations in relation to the manufacturing activities and to the textile sector in particular such as advance authorization under the Foreign Trade Policy 2015-2020, the Export Promotion Capital Goods Scheme, benefits under Section 115BAA of the Income Tax Act, 1961. Any adverse changes in government policies, subsidies and benefits could materially and adversely affect our financing, capital expenditure, revenues, development or operations relating to our existing and proposed capacities as well as our ability to participate and compete with our peers. Further, policies not limited to our services rendered but largely affecting India could also affect the manner in which we carry out and intend to carry out our operations.

Demand for our products

Demand for our products is also significantly affected by the general level of economic activity and economic conditions in the various geographies and sectors in which we operate. We have benefitted from multi-national companies contemplating diversifying their dependence on China to developing Asian countries including India. Deterioration in economic conditions in any of the key sectors that we operate in may lead to lower demand for our services. Any deterioration in global markets may also have a corresponding effect on our operations as some of our top customers have operations in India. Any decision by such customers to reduce or exit their emerging markets operations may have a significant adverse impact on our business and financial performance.

Capacity utilization

We seek to capitalize on the growth opportunities in the yarn industry considering our current scale of operations, network of distributors, number of customers that we cater to and spearheaded by an experienced management team. As on September 30, 2021, our facility at Silvassa had a production capacity of 221,050 MTPA. We propose to increase our scale of operations in all our three verticals to cater to the increase in demand. The yarn production for the six-month period ended September 30, 2021 and for the Fiscals 2021, 2020 and 2019, was 107,625 MT, 182,543 MT, 209,401 MT, and 207,365 MT, respectively with a capacity utilization of 97.38%, 82.89%, 97.98% and 97.62%, for such period, respectively. The consistent capacity utilization has been possible because our products have end-use applications across a broad spectrum of industries such as apparels (including sportswear, activewear and innerwear), home textiles, travel and leisure (luggage, suitcases, parachutes, etc.), medical usages, automobiles, etc.

Relationships with customers

We do not enter into long-term contracts with any of our customers. The sales to our customers are basis purchase orders. We have an in-house team that constantly works with a focus on developing value-added products and how the existing machines and infrastructure can be used to prepare customized made to order products for our customers. Such products are unique in colour, property, characteristics to suit specific customer requirements which we believe provides stickiness to the customer. Our sales teams give us constant feedback for customer requirements and market trends which gives us capability to innovate and meet customer requirements in relation to the value-added products. However, failure to meet the expectations of the client can lead to cancellation of current and future orders.

Currency fluctuation

We are affected by fluctuations in currency exchange rates with respect to our exports, imports and foreign currency loans. The Indian rupee is our functional currency and our consolidated financial statements are prepared in Indian rupees. We translate foreign currencies into Indian rupees as follows:

• Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency at the exchange rates at the date of the transactions;

• Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains or losses arising on account of realisation or settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the consolidated statement of profit and loss;

• Foreign exchange gains or losses arising on translation of foreign currency monetary assets and liabilities are presented in the consolidated statement of profit and loss on a net basis; and

• However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the consolidated statement of profit and loss.

Revenues from exports were ₹ 1,768.90 million, ₹ 2,418.73 million, ₹ 3,843.73 million and ₹ 3,973.77 million and represented 12.36%, 12.61%, 18.18% and 16.98%, respectively, of our total revenue from operations for the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019, respectively. Depreciation of the Indian Rupee against the U.S. Dollar and other foreign currencies may affect our results of operations including by increasing the cost of financing any debt denominated in foreign currency that we may enter into or proposed capital expenditure, if any, in foreign currencies. For the six-month period ended September 30, 2021 and for Fiscals 2021, 2020 and 2019, we imported 27.60%, 18.78%, 28.15% and 21.39% of the total raw materials requirement. These raw materials may be subject to foreign exchange fluctuations, political uncertainty, etc.

We also use foreign currency forward contracts to hedge risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions, we designate these derivative financial instruments as hedging instruments (accounted as cash flow hedges) or as derivative instruments (accounted through profit or loss account).

The impact of COVID-19 on our results of operations and financial condition

In late 2019, COVID-19 emerged and by March 11, 2020 it was declared as a global pandemic by The World

Health Organization. The Government of India declared COVID-19 as a “notified disaster” on March 14, 2020.Governments and municipalities around the world instituted measures in an effort to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closings, travel restrictions, and closure of non-essential businesses. By the end of March 2020, the macroeconomic impacts became significant, exhibited by, among other things, a rise in unemployment and market volatility. The Government of India announced a 21-day lockdown on March 24, 2020, which was followed by successive extensions. The COVID-19 pandemic has caused substantial disruption to the global economy and supply chains, created significant volatility and disruption in financial markets, including in India, with the Governor of the Reserve Bank of India stating on May 22, 2020, that the GDP growth in Fiscal 2021 is estimated to remain negative.

In compliance with the lockdown orders announced by the Indian Government on March 24, 2020, we temporarily closed our offices and manufacturing operations and initiated remote working for some of our employees from March 25, 2020. Additionally, many of our customers and raw material suppliers temporarily ceased operating their respective enterprises. Basis the government relaxations to the priority sector, our Company resumed its manufacturing operations during the third week of May 2020 and the offices of our Company resumed on June 8, 2020. During this period, our Company did not book any revenue but continued to incur expenditure in the form of salaries of its employees and other fixed overheads.

As a result, we experienced a decline in sales and reduced revenues due to the impact of COVID-19 and various regulatory measures in response to COVID-19 for Fiscal 2021. For further details, see, “*Risk Factors - The impact of the COVID-19 pandemic and the resulting deterioration of general economic conditions has in the past financial years affected our business and may continue to materially affect our business, results of operations, financial condition, and / or our cash flows in future periods.*” However, during the second lockdown and for the six-month period ended September 30, 2021, there was no impact of COVID-19 pandemic on the operations and the business of our Company. Our future revenues may be impacted if the COVID-19 pandemic persists.

Basis of preparation and significant accounting policies

General information and statement of compliance:

The Restated consolidated and standalone financial information comprise of the restated consolidated statement of asset and liabilities as at 30 September 2021, restated consolidated statement of profit and loss (including other comprehensive income), restated consolidated statement of cash flows and restated consolidated changes in equity for six-months period ended 30 September 2021 and the summary statement of significant accounting policies and other explanatory information and restated standalone statement of asset and liabilities as at 31 March 2021, 31 March 2020 and 31 March 2019 and restated standalone statement of profit and loss (including other comprehensive income), restated standalone statement of cash flows and restated standalone changes in equity for years ended 31 March 2021, 31 March 2020 and 31 March 2019 and the summary statement of significant accounting policies and other explanatory information (hereinafter collectively referred to as ‘Restated consolidated and standalone financial information’).

The Restated consolidated and standalone financial information has been approved by the Board of Directors of Sanathan at their meeting held on January 3, 2022 and has been specifically prepared for inclusion in the document to be filed by Sanathan with the Securities and Exchange Board of India (‘SEBI’) in connection with the proposed Initial Public Offer of equity shares (‘IPO’) of Sanathan (referred to as the ‘Issue’). The Restated consolidated and standalone financial information has been prepared by the management of Sanathan to comply in all material respects with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the ‘Act’); and
b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (‘SEBI ICDR Regulations’).

The Restated consolidated and standalone financial information has been compiled by the management from audited special purpose interim consolidated financial statements of the Group as at and for the six-months period ended 30 September 2021 and the audited financial statements of the Holding Company as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 prepared in accordance with the Indian Accounting Standards (referred to as ‘Ind AS’) as prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on 10 December 2021, 1 November 2021, 31 October 2020 and 5 September 2019, respectively.

The accounting policies have been consistently applied by the Holding Company in preparation of the Restated consolidated and standalone financial information and are consistent with those adopted in the preparation of special purpose interim consolidated financial statements for the six-months period ended 30 September 2021. This Restated consolidated and standalone financial information does not reflect the effects of events that occurred subsequent to the respective dates of the board meeting held for the approval of the special purpose interim consolidated financial statements as at and for the six-months period ended 30 September 2021 and the financial statements as at and for the years ended 31 March 2021, 31 March 2020 and 31 March 2019 as mentioned above.

The Restated consolidated and standalone financial information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

a) Adjustments to the profits or losses of the earlier periods and of the period in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those periods would have been if a uniform accounting policy was followed in each of these periods, if any;

b) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the special purpose interim consolidated financial statements of the Group for the six-months period ended 30 September and the requirements of the SEBI ICDR Regulations, if any; and

c) The resultant impact of tax due to the aforesaid adjustments, if any.

All amounts included in the Restated consolidated and standalone financial information are reported in Indian Rupees ('INR') in millions unless otherwise stated and "0" denotes amounts less than five hundred thousand Rupees.

Basis of measurement:

The restated consolidated and standalone financial information have been prepared on historical cost basis except for the following material items that have been measured at fair value:

i. Certain financial assets and liabilities (including derivative financial instruments) measured at fair value (refer accounting policy on financial instruments); and
ii. Defined benefit plan measured using actuarial valuation.

Principles of consolidation

A subsidiary is an entity 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 de-consolidated from the date that control ceases.

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

The restated consolidated and standalone financial information have been prepared in accordance with Ind AS 110 'Consolidated Financial Statements' and on the basis of separate audited financial statements of the Holding Company and the subsidiaries.

The restated consolidated and standalone financial information of the Group are combined on a line- by- line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or loss in accordance with Ind AS 110.

All the consolidated subsidiaries have a consistent reporting date of the balance sheet of the Holding Company.

Non-controlling interests, if any, in the results and equity of subsidiary companies are shown separately in the restated consolidated statement of profit and loss, restated consolidated statement of changes in equity and restated consolidated statement of asset and liabilities.

List of subsidiary companies considered in the restated consolidated and standalone financial information:

Name of the subsidiary company*	Name of the parent company	County of incorporation	% Holding as at 30 September 2021
Sanathan Polycot Private Limited (with effect from 20 April 2021)	Sanathan Textiles Limited	India	100.00%
Universal Texturisers Private Limited (with effect from 26 September 2021)	Sanathan Textiles Limited	India	100.00%

** Principal business activity of both the subsidiary companies is "Textile manufacturing"*

Use of estimate and judgement:

The preparation of restated consolidated and standalone financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the restated consolidated and standalone financial information.

a) **Recognition of deferred tax assets** – The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income (supported by reliable evidence) against which the deferred tax assets can be utilised.

b) **Evaluation of indicators for impairment of assets** – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

c) **Contingent liabilities** – At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

d) **Impairment of financial assets –** At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the Group assesses the expected credit losses on outstanding receivables. Further, respective management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.

e) **Defined benefit obligation ('DBO') –** Management's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

f) **Useful lives of depreciable assets –** Group reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

g) **Government grant –** Grants receivables are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance obligation period.

h) **Fair value measurements –** Group applies valuation techniques to determine fair value of equity shares (where active market quotes are not available). This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares.

i) **Impairment of assets -** In assessing impairment, Group estimates the recoverable amounts of each asset (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them.

Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.

j) Provisions - Provisions are recognised when the Group has a present obligation as a result of past event 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 defined benefit plan) are not discounted to their present value and are determined based on best estimate of the amount 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.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

SIGNIFICANT ACCOUNTING POLICIES

(i) Functional and presentation currency

Items included in the restated consolidated and standalone financial information of the Group are measured using the currency of the primary economic environment in which the Group operates i.e., the 'functional currency'. The restated consolidated and standalone financial information are presented in INR, which is the functional and presentation currency of the Group.

(ii) Foreign currency transactions and translations

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the restated consolidated and standalone statement of profit and loss in the year in which they arise.

(iii) Financial instruments

a. Initial recognition and measurement

The Group recognises financial assets and liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets that are not at fair value through profit or loss ('FVTPL') are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The fair value of a financial liability at initial recognition is normally the transaction price. If the Group determines that the fair value at initial recognition differs from the transaction price, difference between the fair value at initial recognition and the transaction price shall be recognised as gain or loss unless it qualifies for recognition as an asset or liability. This normally depends on the relationship between the lender and borrower or the reason for providing the loan.

In accordance with Ind AS 113 'Fair Value Measurement', the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The Group's financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

b. Subsequent measurement

Non derivative financial instruments

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

(b) Financial assets at fair value through other comprehensive income ('FVOCI')
A financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(c) Financial assets at FVTPL
A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(d) Financial liabilities

The measurement of financial liabilities depends on their classification.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the restated consolidated and standalone statement of profit and loss, unless and to the extent capitalised as part of costs of an asset.

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

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(e) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in other comprehensive income and accumulated under cash flow hedge reserve. The Group classifies its forward contract that hedge foreign currency risk associated as cash flow hedge and measures them at fair value. The gain or loss relating to the ineffective portion is recognised immediately in the restated consolidated and standalone statement of profit and loss and is included in the 'other expense / other income' line item. Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to the restated consolidated and standalone statement of profit and loss in the periods when the hedged item affects the restated consolidated and standalone statement of profit and loss, in the same line as the recognised hedged item. When the hedging instrument expires or is sold or terminated or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss at that time remains in equity until the forecast transaction occurs and when the forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity are immediately reclassified to restated consolidated and standalone statement of profit and loss within other income.

c. De-recognition of financial instruments

The Group derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the restated consolidated and standalone statement of profit and loss.

d. Offsetting financial instruments

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

(iv) Current versus non-current classification

(i) An asset is considered as current when it is:

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

(ii) All other assets are classified as non-current.

(iii) Liability is considered as current when it is:

a. Expected to be settled in the normal operating cycle, or
b. Held primarily for the purpose of trading, or
c. Due to be settled within twelve months after the reporting period, or
d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(iv) All other liabilities are classified as non-current.

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

(vi) All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

(v) Property, plant and equipment ('PPE')

Recognition and initial measurement

PPE are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs and disposal

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repair and maintenance costs are recognised in restated consolidated and standalone statement of profit and loss as incurred.

Items such as spare parts are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

An item of PPE initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in restated consolidated and standalone statement of profit and loss when the asset is de-recognised.

Capital work-in-progress includes PPE under construction and not ready for intended use as on the balance sheet date.

Subsequent measurement (depreciation and useful lives)

Freehold land is carried at historical cost (after adjustment of fair value at the time of transition to Ind AS) and is a non-depreciable asset. All other items of PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on a straight-line basis, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Act, except for plant and equipment wherein based on the technical evaluation, useful life has been estimated to be 8 to 25 years.

Class of PPE	Useful life
Buildings	30-60 years
Computers	3 - 6 years
Electrical installations and equipment	10 years
Furniture and fixtures	10 years
Factory equipment	15 years
Laboratory equipment	10 years
Office equipment	5 years
Vehicles	8-10 years
Plant and equipment	8-25 years

The residual values are not more than 5% of the original cost of the PPE. The residual values, useful lives and method of depreciation of are reviewed at each reporting date.

(vi) Leases

Group as a lessee – Right of use ('ROU') assets and lease liabilities

A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

Classification of leases

The Group enters into leasing arrangements for various assets. The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/purchase etc.

Recognition and initial measurement of ROU assets

At lease commencement date, the Group recognises a ROU asset and a lease liability on the restated consolidated and standalone balance sheet. The ROU asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement of ROU assets

The Group depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

Lease liabilities

At lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the ROU asset.

The Group has elected to account for short-term leases and low value leases using the practical expedients. Instead of recognising a ROU asset and lease liability, the payments in relation to these short-term leases and low value leases are recognised as an expense in restated consolidated and standalone statement of profit and loss on a straight-line basis over the lease term.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight-line basis over the lease-term.

(vii) Impairment of assets

(a) Non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

(b) Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets and the impairment methodology depends on whether there has been a significant increase in credit risk.

Trade receivables

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Group measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

(viii) Employee benefits

(a) Long-term employee benefits

(i) Defined contribution plan

The Group has defined contribution plan for post-employment benefits in the form of provident fund, and employees' state insurance fund. Under the defined contribution plan, the Group has no further obligation beyond making the contributions. Such contributions are charged to the restated consolidated and standalone statement of profit and loss as incurred.

(ii) Defined benefit plan

The Group has defined benefit plan for post-employment benefits in the form of gratuity for its employees in India. Liability for defined benefit plan is provided on the basis of actuarial valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. The liability recognised in the restated consolidated and standalone financial information in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Discount factors are determined close to each period-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Group's defined benefit plan is included in employee benefits expense.

Actuarial gains or losses are recognised in other comprehensive income. Interest expense recognised in restated consolidated and standalone statement of profit and loss is calculated by applying the discount rate used to measure the defined benefit obligation to the defined benefit liability.

(b) Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, incentives etc. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the restated consolidated and standalone balance sheet.

(ix) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed unless the likelihood of an outflow of resources is remote and there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent asset is not recognised in the restated consolidated and standalone financial information. However, it is recognised only when an inflow of economic benefits is probable.

(x) Borrowing cost

Borrowing costs includes interest expense on borrowings calculated using the EIR, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale ('qualifying asset') are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. EIR calculation does not include exchange differences.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(xi) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of raw material comprises of cost of purchase and other cost incurred in bringing the inventory to their present condition and location. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. Cost is determined on a moving weighted average basis.

The cost of finished goods, intermediate goods and work-in-progress includes cost of direct materials and labour and a proportion of variable and apportionable fixed overhead expenditure based on the normal operating capacity.

In case of traded goods, cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a moving weighted average basis.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Further, inventories contain stores and packing materials. Adequate allowances are recognised as a measure of consumption over their expected life based on their usage.

Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

(xii) Income recognition

(a) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products. Revenue is measured net of rebates, discounts and taxes. The Group applies the revenue recognition criteria to each component of the revenue transaction as set out below:

Sale of products
Revenue from sale of products is recognised when the Group satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset which is generally on dispatch of goods. In cases where performance obligations are satisfied upon delivery, the revenue is recognised upon such delivery.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and goods and services tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives / discounts.

Revenue (other than sale of products)
Revenue (other than sale of products) is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(b) Other operating revenue

It majorly includes export incentives. Export incentives constituting duty drawback, incentives under Merchandise Exports from India Scheme (MEIS) and Duty-drawback Scheme which are accounted for on accrual basis where there is reasonable assurance that the Group will comply with the conditions attached to them and the export benefits will be received. Export incentives under Export Promotion Capital Goods (EPCG) is notified by Government of India and are accounted for in the year of exports based on eligibility and when there is no uncertainty in its recognition.

(c) Interest income

Interest income is recorded on accrual basis using the EIR method.

(d) Dividend

Dividend income is recognised when the Group's right to receive dividend is established, which is generally when shareholders approve the dividend.

(e) Other income

Other income is recognised when no significant uncertainty as to its determination and realisation exists.

(xiii) Taxes

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in restated consolidated and standalone statement of profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

The current income-tax charge is calculated on the basis of the tax laws enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the restated consolidated and standalone financial information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

(xiv) Earnings per share

Basic earnings per share is calculated by dividing the restated consolidated and standalone net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares of the Holding Company outstanding during the period. The weighted average number of equity shares outstanding during the period / year is adjusted for events including a bonus issue or share split.

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

(xv) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

For the purpose of the restated consolidated and standalone statement of cash flows, cash and cash equivalents consist of cash, balance in current accounts with banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

(xvi) Contributed equity

Equity shares of the Holding Company are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xvii) Government grants

Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants related to or used for assets are included in the balance sheet as deferred government grant and recognised as income in the restated consolidated and standalone statement of profit and loss in the proportion of export obligations that have been discharged.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

(xviii) Investments

Investments, which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Non-current investments are carried at cost. However, provision for diminution in the value is made to recognise a decline other than temporary in the value of these investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the restated consolidated and standalone statement of profit and loss.

(xix) Business combination

The Group accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Control exists 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 power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the restated consolidated and standalone statement of profit and loss.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any goodwill that arises on account of such business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

(xx) Intangible assets - Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity indicate the carrying amount of goodwill relating to the entity sold.

(xxi) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors of the Group, who are considered as chief operating decision maker ('CODM').

(xxii) Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to assist users in understanding the financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

(xxiii) Events after the reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the restated consolidated and standalone financial information. Where the events are indicative of conditions that arose after the reporting period, the amounts are not adjusted, but are disclosed if those non-adjusting events are material.

(xxiv) Recent accounting pronouncements

Amendments to Schedule III to the Act

On 24 March 2021, the Ministry of Corporate Affairs ('MCA') through a notification, amended Schedule III of the Act. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April 2021. The revised Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015, as amended, prescribes certain presentation amendments and additional disclosures. The Group has complied with the applicable changes in the current and previous periods.

Change in Accounting Policies / Estimates

There were no changes in the accounting policies and except as mentioned below there were no changes in the accounting estimates of the Company, in the preceding three financial years ended March 31, 2021, 2020 and 2019 and six-months period ended September 30, 2021.

We obtained a certification in relation to the determining the useful life of assets from a technical consultant / expert and revised the useful life of some of the assets accordingly.

As a result of the above, the useful life for plant and equipment has been estimated to be eight to 25 years basis the technical evaluation and it is depreciated on a straight line basis.

Class of PPE	Useful life
Plant and equipment	8-25 years

Key Components of our Statement of Profit and Loss Based on our Restated Financial Statement

The following descriptions set forth information with respect to the key components of our profit and loss statements.

Revenue

Revenue consists of revenue from operations and other income.

Revenue from operations. Revenue from operations comprises revenue from sale of products, revenue from sale of stock-in-trade. Other operating revenues primarily comprises of export incentives and sale of scrap.

Other income. Other income primarily comprises interest income on bank deposits, net gain on foreign currency transaction and translation, insurance claims, liabilities / provisions no longer required that are written back, gain on disposal of property, plant and equipment, reversal of allowance for expected credit loss and other income.

Expenses

Expenses consist of cost of materials consumed purchases of stock-in-trade, changes in inventories of stock-in-trade, employee benefits expenses, depreciation and amortization expense, finance cost and other expenses.

Cost of materials consumed: Cost of materials consumed relates to costs incurred for the raw materials consumed for manufacturing of finished goods.

Purchases of stock-in-trade. Purchases of stock-in-trade relates to costs incurred for the procurement of inventories for trading.

Changes in inventories of finished goods, stock-in-trade and work-in-progress. Changes in inventories of stock-in-trade comprises net increase or decrease in the inventory of finished goods, intermediate products, stock-in-trade and work-in-progress.

Employee benefits expenses. Employee benefits expenses comprise of salaries and wages, contribution to provident fund and other funds, gratuity and staff welfare expenses.

Finance costs. Finance cost primarily comprises of interest expense on terms loans, interest expense on cash credit facilities, interest expense on others and other borrowing costs.

Depreciation expense. Depreciation relates to depreciation on property, plant and equipment.

Other expenses. Other expenses primarily comprise expenses relating to consumption of stores and packing materials, power and fuel, contract labour charges, export expenses, freight expenses, commission expenses, bank charges, insurance, travelling and conveyance, allowance for expected credit loss, expenses on plant and equipment, other manufacturing expenses, legal and professional charges and miscellaneous expenses.

Tax Expense

Tax expense consists of current tax and deferred tax.

Non-GAAP measures

Certain non-GAAP measures like EBITDA, EBITDA margins, Return on equity, return on capital employed, Net debt, Fixed asset turnover ratio and working capital cycle ("**Non-GAAP Measures**") presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS or Indian GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS or Indian GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance.

Our Results of Operations

The following table sets forth select financial data from our restated consolidated statement of profit and loss for the six-month period ended September 30, 2021 and restated standalone statement of profit and loss for Fiscals 2021, 2020 and 2019, the components of which are also expressed as a percentage of total revenue for such periods:

<table>
<tr><th></th><th colspan="2">Six-month period ended September 30, 2021</th><th colspan="2">Fiscal 2021</th><th colspan="2">Fiscal 2020</th><th colspan="2">Fiscal 2019</th></tr>
<tr><th></th><th>(₹ in million)</th><th>(% of Total Income)</th><th>(₹ in million)</th><th>(% of Total Income)</th><th>(₹ in million)</th><th>(% of Total Income)</th><th>(₹ in million)</th><th>(% of Total Income)</th></tr>
<tr><td>Revenue:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
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	Six-month period ended September 30, 2021		Fiscal 2021		Fiscal 2020		Fiscal 2019	
	(₹ in million)	**(% of Total Income)**	**(₹ in million)**	**(% of Total Income)**	**(₹ in million)**	**(% of Total Income)**	**(₹ in million)**	**(% of Total Income)**
Revenue from operations	14,309.40	99.45	19,183.55	99.24	21,166.00	99.68	23,403.90	99.74
Other income	79.40	0.55	146.15	0.76	68.99	0.32	61.36	0.26
Total Income	14,388.80	100.00	19,329.70	100	21,234.99	100	23,465.26	100
Expenses:								
Cost of materials consumed	9,221.50	64.09	11,012.69	56.97	14,183.53	66.79	16,795.84	71.58
Purchases of stock-in-trade	268.20	1.86	159.73	0.83	14.47	0.07	11.45	0.05
Changes in inventories of finished goods, stock-in trade and work-in-progress	(575.59)	(4.00)	34.34	0.18	175.84	0.83	(67.39)	(0.29)
Employee benefits expense	373.70	2.60	867.61	4.49	718.95	3.39	610.93	2.60
Finance Costs	203.70	1.42	500.86	2.59	426.85	2.01	505.41	2.15
Depreciation expense	207.86	1.44	397.69	2.06	1,027.80	4.84	1,066.88	4.55
Other expenses	2,409.53	16.75	3,829.74	19.81	3,946.66	18.59	3,706.37	15.80
Total expenses	12,108.90	84.16	16,802.66	86.93	20,494.10	96.51	22,629.49	96.44
Profit before tax	2,279.90	15.84	2,527.05	13.07	740.89	3.49	835.78	3.56
Tax expense:								
Current tax expense	525.10	3.65	516.20	2.67	270.73	1.27	202.25	0.86
Deferred tax benefit	47.03	0.33	154.36	0.80	11.31	0.05	85.38	0.36
Prior year's tax adjustment	-	-	0.17	0.00	(1.31)	(0.01)	(4.11)	(0.02)
Profit for the year	1,707.78	11.87	1,856.31	9.60	460.16	2.17	552.26	2.35

Six-month period ended September 30, 2021

Total Income

Our total income was ₹ 14,388.80 million for the six-month period ended September 30, 2021.

Revenue from Operations: Our revenue from operations was ₹ 14,309.40 million for the six-month period ended September 30, 2021, comprising of sale of products of ₹ 13,722.70 million, sale of stock-in-trade of ₹ 311.50 million and other operating revenue of ₹ 275.20 million. The other operating revenue comprised of export incentives of ₹ 27.50 million and sale of scrap of ₹ 247.70 million.

Other income: Our other income was ₹ 79.40 million for the six-month period ended September 30, 2021, primarily comprising of net gain on foreign currency transaction and translation, interest income on bank deposits and interest income on others and gain on disposal of property, plant and equipment.

Expenses

Cost of materials consumed: The cost of materials consumed for the six-month period ended September 30, 2021 was ₹ 9,221.50 million.

Purchases of stock-in-trade: The purchases of stock-in-trade for the six-month period ended September 30, 2021 was ₹ 268.20 million.

Changes in inventories of finished goods, stock-in-trade and work-in-progress: The negative changes in inventories of finished goods, stock-in-trade and work-in-progress for the six-month period ended September 30, 2021 were ₹ 575.59 million.

Employee benefits expense: Our employee benefits expense was ₹ 373.70 million for the six-month period ended September 30, 2021, primarily comprising of salaries and wages of ₹ 347.07 million, contribution to provident fund and other funds of ₹ 12.30 million, gratuity of ₹ 7.33 million and staff welfare expenses of ₹ 7.00 million.

Finance costs: Our finance costs was ₹ 203.70 million for the six-month period ended September 30, 2021, primarily comprising of interest expense on term loans of ₹ 161.70 million, interest expense on others of ₹ 24.40 million and other borrowing costs of ₹ 17.60 million.

Depreciation expense: Our depreciation expense was ₹ 207.86 million for the six-month period ended September 30, 2021 consisting of depreciation on property, plant and equipment.

Other expenses: Our other expenses were ₹ 2,409.53 million for the six-month period ended September 30, 2021, consisting primarily of expenses on consumption of stores and packing materials of ₹ 710.90 million, power and fuel expenses of ₹ 904.30 million, contract labour charges of ₹ 324.70 million, export expenses of ₹ 163.00 million, freight expenses of ₹ 50.30 million, commission expenses of ₹ 84.90 million, bank charges of ₹ 40.80 million, expenses on insurance of ₹ 22.40 million, expenses on travelling and conveyance of ₹ 11.90 million, allowance for expected credit loss of ₹ 12.30 million, expenses on plant and equipment of ₹ 13.80 million, other manufacturing expenses of ₹ 9.80 million, legal and professional charges of ₹ 9.10 million and miscellaneous expenses of ₹ 6.10 million.

Total tax expenses: Tax expenses consist of current tax and deferred tax.

Fiscal 2021 compared to Fiscal 2020

Our results of operations for Fiscal 2021 were particularly affected by the following factors:

- We had experienced loss of business days during the first quarter of Fiscal 2021 due to lockdown restrictions imposed by the Government agencies.

- We continued to maintain same level of employee benefit expenses, in spite of adverse conditions and were constrained to incur a majority of other fixed overheads.

- Our financing costs increased due to drawdown of loans.

Total Income

Our total income decreased by 8.97% to 19,329.70 million for the Fiscal 2021 from ₹ 21,234.99 million for Fiscal 2020, primarily due to the lockdown on account of the COVID-19 pandemic. As a result of the lockdown restrictions imposed by the Government agencies, we had temporarily closed our manufacturing operations and offices from March 25, 2020 to the third week of May 2020 due to which there were no sales transactions during the said period resulting in a dip in our total income. In the second quarter of Fiscal 2021, there was an increase in demand due to the normalization of the manufacturing operations and substantial lifting of lockdown restrictions imposed by the Government agencies.

Revenue from Operations: Our revenue from operations decreased by 9.37% to ₹ 19,183.55 million for Fiscal 2021 from 21,166.00 million for Fiscal 2020, primarily due to the lockdown on account of the COVID-19 pandemic as mentioned above.

Other income: Our other income increased by 111.84% to ₹ 146.15 million for Fiscal 2021 from ₹ 68.99 million for Fiscal 2020, primarily on account of gain recognized for foreign currency hedging and certain write backs of liabilities that were no longer required.

Expenses

Cost of goods sold: Cost of goods sold (Cost of materials consumed + Purchase of stock-in-trade + Changes in inventory of finished goods, Stock-in-trade and Work-in-progress) decreased by 22.03% to ₹11,206.76 million for Fiscal 2021 from ₹14,373.84 million for Fiscal 2020, primarily due to reduction in sales considering the lockdown and due to economics of costs on account of debottlenecking of production and lower raw material prices.

Employee benefit expense: Employee benefit expense increased by 20.69% to ₹ 867.61 million for Fiscal 2021 from ₹ 718.95 million for Fiscal 2020, primarily due to increase in the number of employees. During the second half of Fiscal 2020, we increased our cotton yarn capacity which led to an increase in the cotton yarn production and consequently the number of permanent employees increased in Fiscal 2021, which resulted in increased employee costs due to the increase in the number of employees and the annual increment in the remuneration of such employees.

Finance cost: Our finance cost increased by 17.34% to ₹ 500.86 million in Fiscal 2021 from ₹ 426.85 million for Fiscal 2020, primarily as a result of draw down of new loans and consequent interest incurred on such new loans availed for the expansion of our cotton yarn manufacturing capacity in Fiscal 2020. The interest on such new loans incurred before the commissioning of the asset procured for the expansion of our cotton yarn manufacturing capacity was capitalized.

Depreciation and amortization expense: Our depreciation and amortization expense decreased by 61.31% to ₹ 397.69 million for Fiscal 2021 from ₹ 1,027.80 million for Fiscal 2020, on account of changes in estimates for the useful life of the assets. We had evaluated the useful life of plant & machinery through a technical expert and basis the evaluation, we estimated a higher useful life of the assets which has reduced the depreciation during the year.

Other expenses: Our other expenses decreased by 2.96% to ₹ 3,829.74 million for Fiscal 2021 from ₹ 3,946.66

million for Fiscal 2020, primarily on account of change in profits due to fluctuation in foreign currency. In Fiscal 2020, we had incurred losses on foreign currency hedges whereas in Fiscal 2021, we had realized gains on foreign currency hedges.

Total tax expenses: Our total tax expenses increased by 138.92% to ₹ 670.73 million for Fiscal 2021 from ₹ 280.73 million for Fiscal 2020, as a result of higher tax outflow on account of higher profits.

Profit after tax. As a result of the factors mentioned above, our profit after tax increased by 303.40% to ₹ 1,856.31 million for Fiscal 2021 from ₹ 460.16 million for Fiscal 2020.

Fiscal 2020 compared to Fiscal 2019

Our results of operations for the Fiscal 2020 were particularly affected by the following factors:

- We had experienced reduced business on account of decrease in demand prior to the lockdown as well as during the lockdown imposed by the Government agencies as the demand for our products decreased and product dispatches were put on hold due to closure of offices of our customers.

- Our financing costs reduced on account of repayment of certain loans.

- We had experienced reduction in raw material prices.

- During the second half of Fiscal 2020, we increased our cotton yarn capacity which led to an increase in the cotton yarn production.

Total Income

Our total income decreased by 9.50% to ₹ 21,234.99 million for the Fiscal 2020 from ₹ 23,465.26 million for Fiscal 2019, primarily due to price fluctuations of raw materials and finished goods, where the decrease in the price of raw materials led to a decrease in the price of the finished goods and due to the reasons mentioned below under '*Revenue from Operations*'

Revenue from Operations: Our revenue from operations decreased by 9.56 % to ₹ 21,166.00 million for Fiscal 2020 from 23,403.90 million for Fiscal 2019, primarily due to the change in realization during the year. Globally, due to the onset of the COVID-19 pandemic, many countries initiated the lockdown restrictions. This was followed by a nation-wide lockdown from March 25, 2020 in India. Even though the lockdown commenced on March 25, 2020, the impact of the impending lockdown was visible as the demand for our products had decreased and the product dispatches were put on hold due to closure of offices of our customers. This also affected the cost of the raw materials which decreased leading to a decrease in the price of the finished goods. Our exports were also affected due to the reduction in the price of finished goods.

Other income: Our other income increased by 12.44% to ₹ 68.99 million for Fiscal 2020 from ₹ 61.36 million for Fiscal 2019, primarily due to increase in the interest income on fixed deposits held with banks.

Expenses

Cost of goods sold: Cost of goods sold decreased by 14.13% to ₹14,373.84 million for the Fiscal 2020 from ₹16,739.90 million, primarily due to lower raw material prices.

Employee benefit expense: Employee benefit expense increased by 17.68% to ₹ 718.95 million for Fiscal 2020 from ₹ 610.93 million for Fiscal 2019, primarily due to increase in number of employees as compared to Fiscal 2019. During Fiscal 2020, we expanded our cotton yarn manufacturing capacity resulting in increased employee costs due to the increase in the number of employees and the annual increment in the remuneration of such employees.

Finance cost. Our finance cost decreased by 15.54% to ₹ 426.85 million for Fiscal 2020 from ₹ 505.41 million for Fiscal 2019, primarily as a result of repayment of certain loans and due to the interest incurred on new loans before the commissioning of the asset procured for the expansion of our cotton yarn manufacturing capacity being capitalized.

Depreciation and amortization expense. Our depreciation and amortization expense increased by 3.66% to ₹ 1,027.80 million for the Fiscal 2020 from ₹ 1,066.88 million for the Fiscal 2019 and the same is in line with previous year.

Other expenses. Our other expenses increased by 6.48% to ₹ 3,946.66 million for Fiscal 2020 from ₹ 3,706.37 million for Fiscal 2019, primarily on account of increase in power costs due to the expansion of our cotton yarn manufacturing capacity.

Total tax expenses. Our total tax expenses increased by 0.99% to ₹ 280.73 million for Fiscal 2020 from ₹ 283.52 million for Fiscal 2019.

Profit after tax. Our profit after tax decreased by 16.68% to ₹ 460.16 million for Fiscal 2020 from ₹ 552.26 million for Fiscal 2019 due to the reasons mentioned above.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our capital expenditure and working capital needs for our operations We have met these requirements through cash flows from operations and borrowings. As of September 30, 2021, we had ₹ 743.95 million in cash and cash equivalents and ₹ 30.30 million in other bank balances other than cash and cash equivalents, short term borrowing of ₹ 1,358.50 million. We believe that, after taking into account the expected cash to be generated from operations, our borrowings, we will have sufficient liquidity for our present and anticipated requirements for capital expenditure and working capital for the next 12 months.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

(₹ in million)

	Six-month period ended September 30, 2021	Fiscal		
		2021	2020	2019
Net cash generated from/(used in) operating activities	1,832.27	2,375.14	1,422.64	1,188.31
Net cash generated/(used in) investing activities	(236.07)	(541.18)	(1,988.45)	144.86
Net cash generated/(used in) financing activities	(1,117.66)	(1,597.61)	387.80	(1,453.95)
Cash and Cash Equivalents at the end of the year / period	743.95	265.31	28.96	206.97

Operating Activities

Net cash flows from operating activities was ₹ 1,832.27 million for the six months ended September 30, 2021. While our restated profit before tax was ₹ 2,279.90 million, we had cash flow before changes in working capital of ₹ 2,666.26 million, primarily due to adjustments for depreciation and amortisation of ₹ 207.86 million, finance costs of ₹ 203.70 million and creation of allowance for expected credit loss of ₹ 12.30 million, partially offset by adjustment on account of government grant of ₹ 26.30 million and interest income on bank deposits of ₹ 13.30 million. Our working capital adjustments for the six months ended September 30, 2021 primarily consisted of an increase of inventories of ₹ 792.98 million, an increase in trade receivables of ₹ 233.00 million, partially offset by an increase in trade payables of ₹ 225.07 million and a decrease in other financial and non financial assets of ₹ 310.30 million. Our cash generated from operations was ₹ 2,245.89 million, adjusted by payment of taxes of ₹ 413.62 million.

Net cash flows generated from operating activities was ₹ 2,375.14 million for the Fiscal 2021. While our restated profit before tax was ₹ 2,527.05 million, we had cash generated from operations before taxes amounting to ₹ 2,842.16 million, primarily due to adjustments for depreciation and amortisation of ₹ 397.69 million, finance costs of ₹ 500.86 million and inventory written off of ₹ 26.40 million, partially offset by interest income on bank deposits of ₹ 18.06 million and adjustment for government grant amounting to ₹ 31.97 million. Our working capital adjustments for the Fiscal 2021 primarily consisted of an increase of inventories of ₹ 566.72 million, increase of trade receivables of ₹ 300.59 million, increase of other financial and non financial assets amounting to ₹ 714.99 million and decrease in provisions and other liabilities of ₹ 86.11 million, partially offset by an increase in trade payables of ₹ 1,112.70 million. Our cash generated from operations before taxes amounting to ₹ 2,842.16 million was adjusted by payment of taxes of ₹ 467.02 million.

Net cash flows from operating activities was ₹ 1,637.35 million for the Fiscal 2020. While our net profit before tax was ₹ 740.89 million, we had an operating profit before working capital changes of ₹ 2,315.14 million, primarily due to adjustments for depreciation and amortisation of ₹ 1,027.80 million, finance costs of ₹ 426.85 million and foreign exchange transaction of ₹ 160.79 million, partially offset by interest income of ₹ 28.26 million. Our working capital adjustments for the Fiscal 2020 primarily consisted of a decrease in inventories of ₹ 235.21 million which was partially offset by a decrease in trade payables of ₹ 553.15 million. Our cash generated from operations was ₹ 1,422.64 million, adjusted by payment of taxes of ₹ 214.71 million.

Net cash flows generated from operating activities was ₹ 1,188.31 million for the Fiscal 2019. While our net profit before tax was ₹ 835.78 million, we had a cash flow before working capital changes of ₹ 2,285.09 million, primarily due to adjustments for depreciation and amortisation of ₹ 1,066.88 million and in finance costs of ₹ 1,505.41 million, partially offset by adjustment for government grants of ₹ 55.51 million and interest income of ₹ 21.49 million. Our working capital adjustments for the Fiscal 2019 primarily consisted of an increase in inventories of ₹30.28 million, an increase in other financial assets of ₹ 348.01 million, and a decrease in trade payables of ₹477.74 million. Our cash generated from operations before taxes was ₹ 1,388.34.28 million, adjusted by payment of taxes of ₹ 200.03 million.

Investing Activities

Net cash flows used in investing activities was ₹ 236.07 million for the six months September 30, 2021, primarily comprising of investment made in mutual funds of ₹ 25.00 million and payment for purchase of property, plant and equipment ₹ 184.32 million, offset by deposits matured of ₹ 80.78 million.

Net cash flows used in investing activities was ₹ 541.18 million for the Fiscal 2021, primarily comprising of payment for purchase of property, plant and equipment, including (net of proceeds from disposal of property, plant and equipment) of ₹ 291.50 million, deposits place of ₹ 267.74 million offset by interest received of ₹ 18.06 million.

Net cash flows used in investing activities was ₹ 1,988.45 million for the Fiscal 2020, primarily comprising of payment for purchase of property, plant and equipment for ₹ 1,917.49 million, deposits placed of ₹ 116.02 million, offset by interest received on bank deposits for ₹ 28.26 million.

Net cash flows generated from investing activities was ₹ 144.86 million for the Fiscal 2019, primarily comprising of deposits that matured of ₹ 283.65 million, offset by ₹ 337.72 million towards payment for purchase of property, plant and equipment, intangible assets.

Financing Activities

Net cash flows used in financing activities was ₹ 1,117.66 million for the six months ended September 30, 2021, primarily comprising repayment of long term loans of ₹ 1,105.20 million, repayment of cash credit facilities and short term borrowings of ₹ 81.61 million, payment of interest for ₹ 203.95 million, partially offset by drawdown of long term loans of ₹ 273.10 million.

Net cash flows used in financing activities was ₹ 1,597.61 million for the Fiscal 2021, primarily comprising of repayment of cash credit facilities and short term borrowings of ₹ 772.04 million, repayment of long term loans of ₹ 928.97 million, interest paid of ₹ 513.19 million, partially offset by drawdown of long term loans of ₹ 616.59 million.

Net cash flows from financing activities was ₹ 387.80 million for the Fiscal 2020, primarily comprising of drawdown of long term loans of ₹ 1,512.11 million, offset by repayment of loan of ₹ 799.87 million and interest paid of ₹ 416.24 million.

Net cash flows used in financing activities was ₹ 1,453.95 million for the Fiscal 2019, primarily comprising of repayment of long term loans of ₹ 1,255.85 million and payment of interest of ₹ 502.55 million, offset by drawdown of loans of ₹ 304.45 million.

Indebtedness

As of September 30, 2021, we had long term borrowings of ₹ 3,170.50 million and current maturities of long-term borrowings of ₹ 1,207.70 million. For details, see “*Financial Information*” on page 230. The following table sets forth certain information relating to outstanding indebtedness as of September 30, 2021, and our repayment obligations in the periods indicated:

(₹ in million)

	As of September 30, 2021
	Payment due by period
	Total
Long term Borrowings Excluding Current maturities of long term borrowings	
Secured	3,170.50
Unsecured	-
Total long term borrowings	**3,170.50**
Current maturities of long term borrowings	
Secured	1,207.70
Unsecured	-
Total current maturities of long term borrowings	**1,207.70**
Short term borrowings:	
Secured	150.80
Unsecured	-
Total Short Term Borrowings	-
Total Borrowings	**4,529.00**

Contractual Obligations

The following table sets forth certain information relating to future payments due under known contractual obligations as of September 30, 2021, aggregated by type of contractual obligation:

(₹ in million)

Particulars	As of September 30, 2021				
	Amount of the CWIP fo a period of				
	Total	Less than 1 year	1-2 Years	2-3 years	More than 3 years
Projects in progress	28.90	26.25	2.65	-	-
Projects temporarily suspended	-	-	-	-	-

In addition, we have entered into short-term lease agreements for our offices.

Contingent Liabilities

The following table sets forth certain information relating to our contingent liabilities which have not been provided for, as of September 30, 2021, as per IND AS-37 issued by the ICAI:

Particulars	Amount (₹ in million)
Income tax demand	24.00
Sales tax matters	28.90
Goods & Service Tax matters	120.40
Service Tax matters	4.00
Central Excise matters	50.70
Total	**228.00**

For details, see “*Financial Statements*” on page 230.

Debt/Equity Ratio

Our total debt/equity ratio was 0.57 as of September 30, 2021, while our total debt/equity ratio was 0.86, 1.46 and 1.42, as of March 31, 2021, March 31, 2020 and March 31, 2019, respectively.

"*Total debt*" represents the sum of long term borrowings, short term borrowings and current maturities of long term borrowings.

"*Equity*" represents the sum of the paid up share capital and reserves and surplus.

Credit Ratings

Our current credit ratings have been assigned by India Ratings & Research who have assigned IND A-/Stable to our fund-based working capital limits, IND A2+ to our non-fund based working capital limits and IND A-/Stable to our term loan.

Our credit rating may be downgraded in the future due to various factors, including factors which may be outside our control. Any future downgrade of our credit ratings may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and may have an adverse effect on our future issuances of debt and our ability to borrow on a competitive basis. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of repayment of certain of our borrowings. If any of these risks materialise, it could have a material adverse effect on our business, reputation, results of operations and financial condition.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties. For details of our related party transactions, see "*Financial Statements - Restated Financial Information- Notes to Restated Financial Statement- Note 31- Related Party Transactions*" at page 273.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business such as credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of financial loss to the Group, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group' receivables from customers. Credit risk arises from cash and cash equivalents, deposits 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 Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors. The Group establishes an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. The management uses a simplified approach for the purpose of computation of allowance for expected credit loss for trade receivables.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

Ultimate responsibility for liquidity risk management rests with the respective Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk- sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments and all short term and long-term debt. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes borrowings, deposits, trade payables, trade receivables, investments, derivative financial instruments and other financial instruments. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities.

(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's foreign exchange risk arises from its foreign currency borrowings, trade receivables and trade payables denominated in foreign currencies. The results of the Group's operations can be affected as the Indian Rupees ('INR') is volatile against these currencies. The Group enters into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures and also inherent hedging as it is engaged in the export of manufacturing products. The Group has a treasury team which monitors the foreign exchange fluctuations on a continuous basis and advises the management of any material adverse effect on the Group.

(ii) Interest rate risk

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

The Group's investments in bank deposits are for short durations, and therefore do not expose the Group to significant interest rates risk.

(iii) Price risk

The Group is mainly exposed to the price risk due to its investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. These are exposed to price risk. The Group has laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant Economic Changes that Materially affect or are likely to affect Income from Continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our income from continuing operations identified above in " – *Significant factors affecting our financial condition and results of operations*" and the uncertainties described in "*Risk Factors*" on pages 295 and 31, respectively.

Known Trends or Uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in "– *Significant factors affecting our financial condition and results of* *operations*" and the uncertainties described in "*Risk Factors*" on pages 295 and 31, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Total turnover of each major industry segment

See "*- Significant factors affecting our financial condition and results of operations*" and "*- Our Results of Operations*" above, on pages 295 and 311, respectively. The Company does not have any primary segments. It has only geographical segments.

Future Relationship between Cost and Revenue

Other than as described in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 31, 166 and 293, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New Products or Business Segments

Other than as disclosed in this section and in "*Our Business*" on page 166, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Competitive Conditions

We operate in a competitive environment. Please refer to "*Our Business*", "*Industry Overview*" and "*Risk Factors*" on pages 166, 120 and 31, respectively for further information on our industry and competition.

Summary of reservations or qualifications or adverse remarks of auditors

Except as disclosed below, there are no reservations, qualifications or adverse remarks highlighted by the previous and current Statutory Auditors in their audited reports as at and for the period ended September 30, 2021, March 31, 2021, March 31, 2020 and March 31, 2019:

A. Matter of Emphasis as per audit report on the financial statements for the year ended March 31, 2021:

The auditor's report has drawn the the attention to note 40 of the audited financial statements and note 44 of the Restated Financial Statement which describes the restatement made to the comparative financial statement by the management of the Company in accordance with the principles of Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors' for correction of certain material prior period errors.

B. Qualification on internal controls as per audit report on the financial statements for the year ended March 31, 2021 under Annexure II - Independent Auditor's Report on the internal financial controls:

The auditor's report has identified, the following material weakness as at March 31, 2021:

a) The Company did not have an appropriate internal control system over timely recording of payments in the books of account, which could potentially result in material misstatements of financial liabilities, bank balances and its consequential impact on related disclosures in the financial statements.

b) The Company's internal financial controls over evaluation of estimated useful life and capitalisation of property, plant and equipment, were not operating effectively which could potentially result in material misstatements in the carrying value of property, plant and equipment, deferred government grant, depreciation expenses and its consequential impact on earnings, reserves and related disclosures in the financial statements.

c) The Company's internal financial controls over accounting for Government Grants, as explained in note 40(b) to the financial statements, were not operating effectively which could potentially result in material misstatement in the value of deferred government grant and its consequential impact on earnings, reserves and related disclosures in the financial statements.

d) The Company's internal financial controls over recording of purchases and recognition of revenue basis the contractual terms for such purchases and export sales, as explained in note 40(c) to the financial statements, were not operating effectively which could potentially result in material misstatements in the value of purchases, inventory, cost of material consumed, changes in inventory of finished goods, stock-in-trade and work-in-progress, trade payables, revenue, trade receivables and its consequential impact on earnings, reserves and related disclosures in the financial statements.

Material developments subsequent to September 30, 2021

Except as disclosed in this Draft Red Herring Prospectus, there are no significant developments or circumstances that have arisen since September 30, 2021, the date of the last financial statements included in this Draft Red Herring Prospectus:

Further, except as disclosed in this Draft Red Herring Prospectus, there are no circumstances that have arisen since September 30, 2021, the date of the last financial statements included in this Draft Red Herring Prospectus, which materially and adversely affect or is likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

FINANCIAL INDEBTEDNESS

Our Company avails credit facilities in its ordinary course of business for purposes such as meeting its working capital requirements, business requirements and other general corporate purposes. As on the date of this Draft Red Herring Prospectus, our Company has made applications and obtained consents from all its lenders to undertake the Offer. For further details, see "*Risk Factors "The agreements executed by our Company with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans"* and *"In addition to the existing indebtedness, our Company, may incur further indebtedness during the course of business. We cannot assure that our Company would be able to service the existing and / or additional indebtedness"* on pages 46 and 40, respectively.

Borrowings of our Company on consolidated basis

As of October 31, 2021, our Company had total outstanding fund based and non-fund based borrowings (long term borrowings (including current maturity of long-term debt) and short-term borrowings) amounting to ₹ 8,501.92 million. As of October 31, 2021, our subsidiaries do not have any borrowings. Set forth below is a brief summary of aggregate borrowings of our Company:

Details of outstanding borrowings of our Company is as follows:

Sr. No	Category of borrowing	Sanctioned amount as on October 31, 2021 (₹ million)	Outstanding amount as on October 31, 2021 as per unaudited books of accounts (in ₹ million)
	Fund based		
	Secured (A)		
1	Working capital facilities		
1.1	Cash credit facilities and working capital facilities	1,500.00	-
1.2	Term Loan (including Vehicle Loans)	6,715.65	4,350.35
	Total	8,215.65	4,350.35
	Unsecured (B)	NIL	NIL
C	TOTAL (A) + (B)	**8,215.65**	**4,350.35**
	Non-fund based		
	Secured		
2.1	Bank guarantee (sub limit of non-fund-based facility)	300.00	328.90
2.2	Letters of credit (sub limit of non-fund-based facility)	4,000.00	3,822.67
D	Total	**4,300.00**	**4,151.57**
	Unsecured Loan	NIL	NIL
E	**TOTAL(C)+ (D)**	**12,515.65**	**8,501.92**

^ *As certified by JMT and Associates, Chartered Accountants, by way of their certificate dated January 5, 2022.*

Principal terms of the borrowings availed by us our Company:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered by our Company:

Interest/ Commission: The interest rates for the facilities availed by our Company are typically linked to: (a) the marginal cost of fund based lending rates (**"MCLR"**) of a specific lender and spread per annum or rates, subject to a minimum interest rate; (b) the base rate of a specified lender and spread per annum, which varies among different loans for different lenders; (c) the base repo rate fixed by the RBI and spread per annum, which varies among different loans for different lenders; (d) the London Inter-bank Offered Rate ("**LIBOR**") of a specific lender and spread per annum or rates, subject to a minimum interest rate; and (e) the Eurozone Interbank Offered Rate ("**EURIBOR**") of a specific lender and spread per annum or rates, subject to a minimum interest rate. Interest rate for vehicle loans ranges from 7.28% - 9.67% per annum.

The commission for the working capital and term loan facilities availed by our Company is typically based on the applicable rate of commission at the time of issuance of such facility.

1. ***Tenor:*** The working capital facilities are typically availed for 12 months, cash credit facilities for one year and term loan facilities availed by our Company are typically available for a period up to ten years, while the tenor for some of their sub-limits could be lesser. The vehicle loans typically range from 58-60 months. Such tenor excludes the moratorium availed by our Company as stated in "*History and Other Corporate Matters"* on page 191.

2. ***Security:*** In terms of our borrowings where security needs to be created, we are typically required to:

   (a) create charge by way of hypothecation on entire current assets, both present and future;
   (b) create charge by of hypothecation on all existing as well as new fixed assets to be acquired;
   (c) create charge by way of hypothecation over all moveable fixed assets, both present and future;
   (d) create charge by way of mortgage over immovable fixed assets both present and future;
   (e) execute personal guarantees by our Promoters and certain members of our Promoter group, namely Pareshkumar Dattani, Anilkumar Dattani, Ajaykumar Dattani, Dineshkumar Dattani, Sammir Dattani, Mikesh Dattani, Varun Dattani, Vallabhdas Dattani, Jayshree Dattani and Geeta Dattani, and our Subsidiary, Universal Texturisers Private Limited, in favour of certain lenders; and
   (f) create charge by way of mortgage on the flat of one promoter, Pareshkumar Dattani.

3. ***Penal Interest:*** The terms of certain facilities availed by our Company prescribe penalties for non-payment of interest or repayment instalment, failure to create security within agreed timelines or any other breach of terms and conditions, which are as laid down in such facility documents or as may be stipulated by the concerned lender, as the case may be. The default interest payable typically ranges from 1% to 2% *per annum* on the outstanding loan.

4. ***Repayment/ Prepayment****:* The term loans and working capital facilities availed by us are either repayable on demand or on their respective due dates within the maximum tenor. The working capital facilities are revolving in nature and are available for utilization until the availability period or extended period mentioned in the sanction letters/ facility agreements. The prepayment charges in relation to the term loans and working capital facilities typically ranges from 1% to 2% per annum of the amount prepaid for the residual period of the loan.

5. ***Restrictive covenants*****:** Our loan documentation entail various restrictive covenants and conditions restricting certain corporate actions, and we are required to take the lender's prior written consent and/or intimate the respective lender before carrying out such actions, including for:

   (a) going for expansion / modernization / diversification / investment outside business;
   (b) effecting any change in the Borrower's capital structure;
   (c) dealing exclusively with the lender;
   (d) not to repay full or part of the loan except in accordance with terms of the agreement or with lenders prior written consent
   (e) allowing promoters to disinvest/ transfer their shareholding without the consent of the Bank;
   (f) making any drastic change in the management set up.

6. ***Events of default:*** In terms of the borrowing arrangements for the facilities availed by us, the occurrence of any of the following, among others, constitute an event of default:

   (a) suspension or cessation or threat of suspension or cessation to carry on business or fails to conduct our business to the satisfaction of the lender or change in the general nature or scope of the business, operations, management or ownership, which could have a material adverse effect;
   (b) failure or breach on borrower's part to perform any obligations or terms or conditions applicable under the loan documentation or any other agreement with any other bank, financial institution, creditor or any other person including non-payment in full of any part of the outstanding balance when due or when demanded by the bank;
   (c) failure to pay/repay any monies in respect of the facilities on the due dates, whether at stated maturity, by acceleration or otherwise;
   (d) in case of any attachment or distress or restraint being levied against our assets or any order being passed for recovery of dues and such order is not vacated or discharged;
   (e) failure to create and/or perfect security within such period as contemplated under the respective

facility agreements;

(f) any deterioration or impairment of the assets underlying the security or any part of such security which causes the security to become unsatisfactory as to character, including depreciation in the margin, value or market price of the assets;

(g) if a receiver is appointed in respect of whole or any part of the property/assets;

(h) utilization of a loan for purposes other than the sanctioned purpose;

(i) creates any charge, mortgage, pledge, hypothecation, lien or other encumbrance over the secured properties, without prior written consent of the lenders;

(j) breach of any statement, representation, warranty, covenant or confirmation; and

(k) any other event or material change which may have a material adverse effect on the lenders.

7. ***Consequences of occurrence of events of default:*** In terms of our borrowing arrangement for the facilities availed by us, upon the occurrence of events of default, our lenders may:

(a) declare the facilities, together with accrued interest and other monies, to be immediately due and payable and upon such declaration, the same shall become immediately payable;

(b) declare that all undisbursed portion of the sanctioned amount shall stand cancelled, whereupon the same shall be cancelled;

(c) exercise any or all rights and recourses available to the lender including enforcement of security under the respective facility agreement;

(d) demand to furnish additional cash collateral in respect of all non-fund based facilities that have not devolved;

(e) impose of penal interest over and above the contracted rate on the amount in default;

(f) initiate legal proceedings for recovery of their dues;

(g) have a right to appointment its nominee and/or receiver;

(h) demand to furnish unencumbered collateral to the satisfaction of the lender; and

(i) exercise all other remedies as available under applicable law.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings (ii) actions taken by regulatory or statutory authorities; (iii) outstanding claims related to any direct or indirect taxes; (iv) other pending litigation, as determined to be material by our Board as per the Materiality Policy; in each case involving our Company, our Subsidiaries, Promoters or Directors (each, "**Relevant Party**"); or (v) litigation involving our Group Company which has a material impact on our Company. Further, except as stated in this section, there are no disciplinary actions, including penalties imposed by SEBI or stock exchanges against our Promoters in the last five Financial Years including any outstanding action.*

For the purposes of (iv) above, in terms of the Materiality Policy adopted by our Board on November 22, 2021:

1. *Any pending litigation / arbitration proceedings (other than litigations mentioned in point (i) to (iii) and (v) above) involving the Relevant Parties shall be considered "material" for the purposes of disclosure in this Draft Red Herring Prospectus, if:*

a.) *the aggregate monetary claim/ dispute amount/ liability made by or against the Relevant Parties, in any such pending litigation / arbitration proceeding is equal to, or in excess of, 1% of the profit after tax, as per the latest fiscal year of the Restated Financial Statement, being ₹ 18.56 million; or*

b.) *any monetary liability is not quantifiable, or which does not fulfil the threshold as specified in paragraph 1(a) above, but the outcome of which could, nonetheless, have a material adverse effect on our business, operations, performance, prospects, financial position or reputation; or*

c.) *litigations where the decision in one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the materiality threshold;*

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties (excluding those notices issued by statutory / regulatory / tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board of Directors, not be considered as material litigation, until such time that a Relevant Party is impleaded as a defendant in proceedings before any judicial / arbitral forum.

Further, creditors of our Company to whom amount due by our Company is equal to, or in excess of, ₹ 189.16 million, being 5% of the consolidated trade payables of our Company as at the end of the latest period included in the Restated Financial Statement, would be considered as material creditors.

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined herein in a particular litigation disclosure pertain to that litigation only.

We have also disclosed matters relating to direct and indirect taxes involving the Relevant Parties in a consolidated manner giving details of number of cases and total amount involved in such claims.

Litigation involving our Company

Litigations by our Company

Civil proceedings

1. Our Company has filed a Civil Writ Petition No. 157 of 2019 dated October 6, 2018, before the High Court of Bombay against the Union of India ("**Respondent**") under Article 226 of the Constitution of India, challenging Section 3 (7) of the Customs Tariff Act, 1975, and Sections 5 and 7(2) of the Integrated Goods and Service Tax, Act, 2017 as being violative of Articles 246 / 246-A and 269 of the Constitution of India. Our Company has challenged the levy of the Integrated Goods and Service Tax ("**IGST**") as being unconstitutional and the validity of the assessment of bills of entry during the period from July 1, 2017, to October 12, 2017, as being illegal, vicious, arbitrary, unsustainable in law and being violative of Article 14, 19, 265 and 300A of the Constitution. Accordingly, our Company has sought a refund of IGST amounting to ₹ 249.45 million paid by it during the impugned period.

2. The Directorate of Revenue Intelligence, Kolkata Zonal Unit ("**DRI Kolkata**") has initiated an inquiry against our Company pursuant to its letter, bearing no. DRI/KZU/CF/(INT-09)/2017/1500, dated March 15, 2018, (the "**Impugned Letter**") with respect to irregular availment of benefit of customs notification no. 79/2017 dated October 13, 2017. The DRI Kolkata has alleged that, during the course of imports, our Company had availed an exemption from the payment of integrated tax / compensation cess, on the strength of the above-mentioned customs notification without complying with the twin conditions of 'physical export' clause and the 'pre-import' clause. The DRI Kolkata has further alleged that our Company had availed the benefit of such exemption under the said notification despite significant / whole exports against advanced authorizations, which were made even before commencement of imports and, therefore, initiated an inquiry in respect of wrongful availment of such exemption. The Impugned Letter further demanded a report including details of imports availing such wrongful exemption of IGST and exports which were not physical exports and advised our Company to make payment of integrated tax voluntarily to avoid punitive action. Accordingly, our Company was subjected to a levy of IGST pursuant to Bills of Entry filed during the intervening period from July 1, 2017 to October 12, 2017. On April 5, 2018, our Company replied to the said notice stating that it had decided to make the payment of the IGST amount due to the difficulty in establishing the one-to-one correlation to prove the satisfaction of the condition of pre-import and, therefore, our Company decided to deposit ₹111.67 million along with interest. Subsequently, our Company has filed a Civil Writ Petition No. 1610 of 2019 dated April 15, 2019, before the High Court of Bombay against the Union of India and others ("**Respondent**") challenging the validity and operation of the Impugned Letter. Our Company claims that the appointment of the officer of Directorate Revenue Intelligence as the proper officer pursuant to Section 28(11) of the Customs Act, 1962, read with Notification No.17/2002-Cus (N.T.), dated March 7, 2002, and Notification No. 44/2011-Cus (NT), dated July 6, 2011 results in overlapping and multiple jurisdiction over our Company and the same has resulted in plurality of officers having jurisdiction on the same subject matter being arbitrary, discriminatory and violative of Article 14 and 19 of Constitution of India. Accordingly, our Company has sought that the assessments made under the impugned Bills of Entry be quashed and set aside on account of them being allegedly illegal, arbitrary, and unreasonable. Meanwhile, the matter has been transferred from DRI Kolkata to Additional Director General DRI Mumbai ("**DRI Mumbai**") and is currently pending with the High Court of Bombay and DRI Mumbai.

Litigation involving our Promoters

Actions by statutory or regulatory authorities

On July 27, 2020 Dineshkumar Dattani received a letter from SEBI stating that it had introduced a Settlement Scheme (the "**Scheme**") in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations 2018. The Scheme provided a onetime settlement opportunity to the entities who had executed trade reversals in the stock options segment of BSE Limited ("**BSE**") between the period April 1, 2014 and September 30, 2015 and against whom enforcement proceedings were initiated by SEBI. The Scheme commenced on August 01, 2020 and ended on October 31, 2020. The letter alleged that Dineshkumar Dattani had carried out the trade reversals in the stock options segment of BSE during the aforementioned period for which the said proceedings were initiated against him. The letter also stated that in case Dineshkumar Dattani wishes to avail the benefit of the Scheme, he may settle the proceedings. On September 25, 2020, Dineshkumar Dattani replied to SEBI, denying the allegations, and stating that he had received no settlement notice from the regulatory body in the past. SEBI in its letter dated October 12, 2020 replied to Dineshkumar Dattani indicating that SEBI had initiated proceedings against the entities who engaged in trade reversals in illiquid stock options from April 1, 2014 to September 20, 2015. However, show cause notices were not issued in respect of certain entities and that the Scheme was introduced to facilitate the settlement of the proceedings and to avoid rigorous long protracted litigation. As on the date of this DRHP, Dineshkumar Dattani has not availed the benefit of the Scheme. Please see "*Risk Factors – There are certain proceedings involving our Company, our Subsidiaries, our Promoters, our Directors and our Group Company which if determined against us, may have an adverse effect on our business, cash flows and results of operations.*" on page 32 of this Draft Red herring Prospectus.

Disciplinary action taken against our Promoters in the five Financial Years preceding the date of this Draft Red Herring Prospectus by SEBI or any stock exchange

Please refer to Actions by statutory or regulatory authorities under '*Outstanding Litigation and Material Developments – Litigation involving our Promoters* on page 327 of this Draft Red Herring Prospectus.

Tax proceedings

Except as stated below, there are no claims relating to direct and indirect taxes involving our Company, Subsidiaries, Promoters and Directors.

Nature of case	Number of cases	Demand amount involved*^ (in ₹ million)
Our Company		
Direct tax	4	23.85
Indirect tax	13	204.94

**To the extent quantifiable*
^ Amount of ₹0.80 million has been written-off in the books of accounts of the Company during Fiscal 2018.

Material tax proceedings

1. Our Company had received a show cause notice from the Commissioner, Central Excise, Customs & Service Tax, Vapi by way of its letter V(Ch.54)3-14/DEM/2010-11 dated August 20, 2010, asking our Company to show cause as to why the CENVAT Credit of Service Tax (including Education Cess and SHE Cess) amounting to ₹ 0.38 million taken by our Company in RG 23A Part II (CENVAT credit account) for the period August 2005 to March 2008 should not be disallowed and recovered from our Company under Rule 14 of the CENVAT Credit Rules, 2004, read with Section 11A(1) of the Central Excise Act. Further, in case our Company failed to do so, an amount of ₹45.64 million computed at 10% and 5% of the value of exempted goods cleared during the period from April 2008 to June 2010 shall be demanded and recovered from our Company under Rule 14 of the CENVAT Credit Rules, 2004, read with Section 11A(1) of the Central Excise Act. Our Company replied to this show cause notice on September 6, 2010, stating that, in its view, the impugned show cause notice is not sustainable in law from the angle of an amendment in the CENVAT Credit Rules, 2004 which clearly emboldens the legislative intent and purpose that service tax paid on sales commission is eligible for CENVAT credit.

2. Our Company, in its periodic return for the financial year 2016-17, claimed a concessional rate of tax on the interstate sales made to registered dealers on the strength of prescribed declaration forms under sections 8(4) and 8(5) of the Central Sales Tax Act, 1956 ("**CST Act**") and Rule 12 (7) of Central Sales Tax Rule, 1957. As stipulated in the CST Act, a dealer is required to submit certain requisite statutory forms within the prescribed period of three months of completion of each quarter or within such time as may be extended by the Commissioner. The department in its reconciliation between the record of the inter-state sales of our Company and the statutory forms submitted by our Company, adjudged a demand of Rs. 28.89 million against our Company by way of its notice dated March 31, 2021. Our Company has filed an appeal with respect to the said demand on April 27, 2021 and the same is currently pending.

3. Our Company received a show cause notice issued by the Additional Commissioner, Central GST and Central Excise dated July 29, 2021, with respect to a claim of excess refund of accumulated ITC on account of inverted tax structure which contravenes second provision to Section 54 (3) of CGST Act, 2017. Our Company filed a reply to the aforementioned show cause notice on August 28, 2021, denying the allegations laid down in the impugned show cause notice and asking for a personal hearing.

4. Our Company had received summons dated May 18, 2018, from the Directorate General of Good and Services Tax Intelligence Regional Unit Vapi ("**DGGI**") alleging that our Company had evaded Service Tax/ GST in contravention of provisions of Finance Act, 1994/ Central Goods and Services Act, 2017/ IGST Act, 2017 and rules made thereunder.

   As a response, our Company has filed a Civil Writ Petition No. 184 of 2019 dated November 14, 2018, before the High Court of Bombay against the Union of India ("**Respondent**") under Article 226 of the Constitution of India challenging the vires of provisions pertaining to levy of service tax (for the period from April 23, 2017 to June 30, 2017) and Integrated Goods & Services Tax (IGST) (for the period from July 1, 2017 onwards) on reverse charge basis in respect of transport of goods in a vessel provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the customs station of clearance in India. Our Company submitted that the levy of service tax / IGST on our Company in respect of ocean freight services provided entirely outside India is violative of Article 245 since the Respondent has not established the nexus for levying service tax / IGST on the importer for having extra territorial operation and therefore the levy of levy of service tax / IGST is violative of Article 14, 19, 246A, 265 and 300A of the Constitution as it results in double taxation which is impermissible under law.

On June 22, 2021, our Company received a show cause notice alleging that our Company had been importing various goods but not paying service tax with effect from April 23, 2017 on the expenses incurred as 'ocean freight' for importation of goods under RCM even after withdrawal of service tax exemption for services provided by a person located in non-taxable territory to a person located in non-taxable territory by way of transportation of goods by a vessel from a place outside India up to the Customs station of clearance in India by inserting proviso to entry no. 34 (c) of the exemption notification no. 25/2012 dated June 20, 2012 on the ocean freight. Our Company filed a response to the show cause notice through our letter dated August 12, 2021, informing the DGGI that the said subject matter was pending before the High Court of Bombay. While our Company has paid a penalty of ₹ 4.84 million, the show cause notice made a further demand of liability of IGST of ₹ 18.49 million. The matter is currently pending.

Outstanding dues to creditors

As per the Materiality Policy, a creditor of our Company, shall be considered to be material ("**Material Creditors**") for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor by our Company is equal to, or in excess of, 5% of the consolidated trade payables of our Company as at the end of the latest period included in the Restated Financial Statement (*i.e.*, as at September 30, 2021). As of September 30, 2021, we had 296 creditors and the aggregate amount outstanding to such creditors was ₹ 3,783.15 million. Accordingly, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds 5% of the Company's trade payables as of the latest restated consolidated financials as included in the offer document i.e. September 30, 2021.

As of September 30, 2021, outstanding dues to Material Creditors, micro, small and medium enterprises and other creditors were as follows:

Particulars	Number of creditors	Amount involved (in ₹ million)
Material Creditors	7	2,633.73
Dues to micro, small and medium enterprises (the "**Small-scale undertaking**")*	22	4.90
Other creditors	267	1,144.52
Total	**296**	**3,783.15**

** As defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

For further details about outstanding overdues to Material Creditors as on September 30, 2021, along with the name and amount involved for each such Material Creditor, see https://www.sanathan.com/Other-Information.php .

It is clarified that such details available on our Company's website do not form a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any source of information including our Company's website, https://www.sanathan.com/Other-Information.php would be doing so at their own risk.

Material Developments

There have been no material developments, since the date of the last financial statements disclosed in this Draft Red Herring Prospectus, any circumstances, which materially and adversely affect, or are likely to affect our trading or profitability of our Company or the value of its assets or its ability to pay liabilities, except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 293.

GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals obtained by our Company which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Company can undertake this Offer, and its business activities. Other than as stated below, no further material approvals from any regulatory authority are required to undertake the Offer or continue such business activities. In addition, certain of our key approvals may have expired or may expire in the ordinary course of business, from time to time and our Company has either already made an application to the appropriate authorities for renewal of such key approvals or is in the process of applying for such renewal. In relation to the business activities and operations of our Company, we have disclosed below (i) material approvals applied for but not received; and (ii) material approvals that have expired and renewal to be applied for and (iii) material approvals required, but not obtained or applied for. For details in connection with the applicable regulatory and legal framework, see "Key Regulations and Policies" on page 180.

Incorporation details of our Company

1. Certificate of incorporation dated October 10, 2005, issued by the RoC, West Bengal at Kolkata under the name 'Sanathan Textiles Private Limited' under the Companies Act, 1956.

2. Certificate of incorporation dated November 18, 2021, issued by the RoC, Gujarat at Ahmedabad pursuant to our Company being converted to a public limited company under the name 'Sanathan Textiles Limited'.

3. CIN of our Company is U17299DN2005PLC005690.

Material Approvals in relation to our Company

I. Approvals in relation to the Offer

For details regarding the approvals and authorisations obtained by our Company in relation to the Offer, see "*Other Regulatory and Statutory Disclosures - Authority for the Offer*" on page 333.

II. Approvals in relation to operations of our Company

A. Tax related approvals

1. The permanent account number of our Company is AAJCS6021P.

2. The tax deduction account number of our Company is CALS17128G.

3. The GST registration obtained by our Company as per the states where our business operations are conducted are as follows:

State	Registration Number
Dadra and Nagar Haveli	26AAJCS6021P2ZW
Dadra and Nagar Haveli	26AAJCS6021P1ZX
Maharashtra	27AAJCS6021P2ZU
Maharashtra	27AAJCS6021P3ZT

B. Labour related approvals

1. Certificate of registration for employees' provident fund issued by the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

2. Registration for employees' insurance issued by the Sub-Regional Office, Employees State Insurance Corporation under the Employees' State Insurance Act, 1948.

3. Registration under Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.

4. Registration under the Maharashtra Labour Welfare Fund, as per the Maharashtra Labour Welfare Fund Act, 1953

C. Key approvals / recognitions obtained for business operations

1. Certification of Importer-Exporter Code issued by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industries, Government of India, as per the Foreign Trade (Development and Regulation) Act, 1992.

2. Consents granted by the Pollution Control Committee Daman & Diu and Dadra Nagar Haveli, under various environment acts to our Company.

3. License to work a factory granted to our Company by the Factories & Boilers Administration of Dadra & Nager Haveli under the Factories Act, 1948

4. Fire No Objection Certificate granted to our Company by the Department of Fire and Emergency Services, Silvassa under the Goa, Daman and Diu Fire Force Act, 1986.

5. Provisional order to allow our Company to use the Steam Generator granted by the Office of Secretary of Labour, Department of Labour, Dadra and Nagar Haveli.

6. Approval granted to our Company for energisation of electrical apparatus by the Central Electricity Authority under the Central Electricity Authority, Regulations, 2010.

7. Registration under the Bombay Shops and Establishment Act, 1948 for our Company's establishment in Mumbai.

III. *Approvals applied for but not received*

As on the date of this Draft Red Herring Prospectus, there is one approval that has been applied for by our Company but not received. It is as follows:

1. No Objection Certificate for ground water withdrawal under the Environment Protection Act, 1986 for Unit -II of our Company located in Silvassa

IV. *Approvals expired for which renewal is yet to be applied for*

As on the date of this Draft Red Herring Prospectus, there is one approval that is required by our Company that have expired, for which we are yet to apply for renewal. These are as follows:

1. No Objection Certificate for ground water withdrawal under the Environment Protection Act, 1986 for Unit -I of our Company located in Silvassa

V. *Approvals required but not obtained or applied for*

As on the date of this Draft Red Herring Prospectus, there are no approvals which our Company was required to obtain or apply for, but which have not been obtained or applied for.

VI. *Intellectual property*

A. Registrations obtained by our Company

As of the date of this Draft Red Herring Prospectus, our Company has registered the trademarks disclosed below:

S. No.	Description	Trademark Number	Class	Valid / Renewed up to
1.	Sanathan	2362218	23	July 11, 2022
2.	Born Dyed	2483662	23	February 23, 2023

B. *Applications filed by our Company*

Our Company has filed applications for registration of the following trademarks:

S. No.	Trademark	Application number	Class	Date of application	Status
1.	SANATHAN TEXTILES	5207025	23	November 12, 2021	Applied For
2.	SANATHAN TEXTILES POLYCOT	5207027	23	November 12, 2021	Applied For
3.	Sanathan Textiles PURO	5207028	23	November 12, 2021	Applied For
4.	SANATHAN TEXTILES REVIRO	5207029	23	November 12, 2021	Applied For
5.	SANATHAN TEXTILES SOFT	5207030	23	November 12, 2021	Applied For
6.	BORN DYED	5207031	23	November 12, 2021	Applied For
7.	Sanathan Textiles REVIRO	5207032	23	November 12, 2021	Applied For
8.	SANATHAN TEXTILES STRECHLON	5207033	23	November 12, 2021	Applied For
9.	Sanathan Textile Yarns for the Fabric of Life	5209853	23	November 15, 2021	Applied For
10	Santhan Textiles Yarns for the Fabric of Life	5273469	23	January 5, 2022	Applied For

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

- Our Board of Directors has authorised the Offer pursuant to a resolution passed at its meeting held on November 22, 2021.

- Our Shareholders have approved and authorised the Fresh Issue by way of a special resolution passed at their extraordinary general meeting held on November 25, 2021.

- Our Board has taken on record the approval for the Offer for Sale by each of the Selling Shareholders pursuant to a resolution at its meeting held on January 3, 2022.

- Our Board and the IPO Committee have approved this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges by way of resolutions passed dated January 3, 2022 and January 6, 2022, respectively.

Authorisation by the Selling Shareholders

The Selling Shareholders have, severally and not jointly, confirmed and approved their participation in the Offer for Sale in relation to their respective portion of Offered Shares as follows:

S. No.	Name of the Selling Shareholder	No. of Offered Shares	Date of Selling Shareholder's consent letter	Date of corporate authorization/board resolution
Promoter Selling Shareholders				
1.	Pareshkumar Dattani	Up to 2,351,100	January 1, 2022	N.A.
2.	Ajaykumar Dattani	Up to 2,659,500	January 1, 2022	N.A.
3.	Anilkumar Dattani	Up to 2,557,500	January 1, 2022	N.A.
4.	Dineshkumar Dattani	Up to 2,827,500	January 1, 2022	N.A.
Promoter Group Selling Shareholders				
5.	Vajubhai Investments Private Limited	Up to 18,000	January 1, 2022	January 1, 2022
6.	Vallabhdas Dattani HUF	Up to 18,000	January 1, 2022	N.A.
7.	Sonali Dattani	Up to 168,000	January 1, 2022	N.A.
8.	Dineshkumar Dattani HUF	Up to 18,000	January 1, 2022	N.A.
9.	Beena Dattani	Up to 266,400	January 1, 2022	N.A.
10.	Anilkumar Dattani HUF	Up to 138,000	January 1, 2022	N.A.
11.	Pareshkumar V Dattani HUF	Up to 228,000	January 1, 2022	N.A.
12.	Mikesh Dattani	Up to 150,000	January 1, 2022	N.A.

In-principle Listing Approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of our Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are, in any manner, associated with as promoters, directors have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Our Company, Promoters or Directors have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as fugitive economic offenders under section 12 of the Fugitive Economic Offenders Act, 2018.

Except as disclosed below, none of our Promoters are, in any manner, associated with the securities market and there is no outstanding action initiated by SEBI against any of our Promoters in the past five years preceding the date of this Draft Red Herring Prospectus.

*On July 27, 2020, Dineshkumar Dattani received a letter from SEBI stating that it had introduced a Settlement Scheme (the "**Scheme**") in terms of Regulation 26 of the SEBI (Settlement Proceedings) Regulations 2018. The Scheme provided a onetime settlement opportunity to the entities who had executed trade reversals in the stock options segment of BSE Limited between the period April 1, 2014 and September 30, 2015, and against whom enforcement proceedings were initiated by SEBI. For further details, please see "Outstanding litigation and material developments" on page 327.*

Further, none of our Company, Promoters or Directors have been declared as a fraudulent borrower by any bank, financial institution or lending consortium, in accordance with the 'Master Directions on Frauds Classification and Reporting by commercial banks and select FIs' dated July 1, 2016, as updated, issued by the RBI.

The Equity Shares of our Company held by our Promoters are in the dematerialised form.

The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

Each Selling Shareholder, severally and not jointly, confirms that it has not been prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

Compliance with the Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoters and the members of the Promoter Group and the Selling Shareholders (to the extent applicable), severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent in force and applicable.

Directors associated with the Securities Market in any manner

None of our Directors are associated with the securities market.

There have been no actions initiated by SEBI against any of our Directors in the five years preceding the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% of the net tangible assets are held as monetary assets.
- Our Company has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years.
- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis.
- Our Company has not changed its name in the last one year other than for deletion of the word "private" consequent to the conversion from a private limited company to a public limited company.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profit and net worth derived from the Restated Financial Statement included in this Draft Red Herring Prospectus as at, and for the three immediately preceding Financial Years are disclosed below.

Derived from the Restated Financial Statement

(*₹ in million*)

Particulars	**Fiscal**		
	2021	**2020**	**2019**
Restated net tangible assets (A)[(1)]	6,841.66	4,808.09	4,231.19
Pre-tax operating profit (B)[(2)]	2,881.76	1,098.75	1,279.83
Net worth (C)[(3)*]	6,322.04	4,455.91	4,010.39
Restated monetary assets (D)[(4)]	956.99	453.08	515.10
Restated monetary assets as a percentage of the restated net tangible assets (D)/(A)[(5)]	13.99%	9.42%	12.17%

Source: Restated Financial Statement as included in "Financial Statements" on page 230.
**Retained earnings does not include balance of re-measurement of defined benefit plan as it will not be reclassified subsequently to profit or loss*

1. *Restated net tangible assets is the sum of all net assets, as applicable excluding intangible assets as defined in Indian Accounting Standard 38 (Ind AS 38) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 (the "Act") and in accordance with Regulation 2(1)(gg) of the SEBI ICDR Regulations. Restated net tangible assets also exclude deferred tax liabilities.*
2. *Pre-tax operating profit is defined as profit before finance costs, other income and tax expenses.*
3. *Net worth is the aggregate value of the paid-up share capital and all reserves created out of the profits which are available for distribution as dividend, securities premium account and debit or credit balance of profit and loss account, i.e., retained earnings as per Restated Standalone Financial Information, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.*
4. *Restated monetary assets represent the sum of cash and bank balances including deposits with banks and interest accrued thereon.*
5. *Restated monetary assets, as a percentage of restated net tangible assets means restated monetary assets divided by restated net tangible assets, expressed as a percentage.*

We are currently eligible to undertake the Offer as per Rule 19(2)(b) of the SCRR read with Regulations 6(1) of the SEBI ICDR Regulations. Accordingly, in terms of Regulation 32(1) of the SEBI ICDR Regulations we are required to allocate: (i) not more than 50% of the Offer to QIBs, 5% of which shall be allocated to Mutual Funds exclusively; (ii) not less than 15% of the Offer to Non-Institutional Bidders; and (iii) not less than 35% of the Offer to RIBs, subject to valid Bids being received at or above the Offer Price. In the event we fail to do so, the full application money shall be refunded to the Bidders.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company and the Selling Shareholders shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000, failing which the entire application monies shall be refunded forthwith in accordance with SEBI ICDR Regulations and other applicable laws. In case of delay, if any, in refund within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws. None of the Selling Shareholders shall be liable to reimburse our Company for any interest paid by it on behalf of the Selling Shareholders on account of any delay with respect to Allotment of the respective portion of the respective Equity Shares offered by such Selling Shareholder in the Offer for Sale, or otherwise, unless such delay is solely accountable to such Selling Shareholder.

Our Company is in compliance with conditions specified in Regulation 5 of the SEBI ICDR Regulations to the extent applicable. Except as disclosed in "*Capital Structure*" on page 77, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, the Promoters, members of the Promoter Group, the Selling Shareholders and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoter or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoter or Directors have been identified as a wilful defaulter (as defined in the SEBI ICDR Regulations);

(iv) None of our Promoter and Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) Except for the options granted pursuant to the ESOP Scheme, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company, along with the Registrar to the Company, has entered into a tripartite agreement dated November 10, 2021 and November 18, 2021 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters are in dematerialised form; and

(viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares existing as on the date of filing of this Draft Red Herring Prospectus.

There is no requirement for us to make firm arrangements of finance under Regulation 7(1) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, as the entire objects of the Offer are proposed to be financed from the Offer proceeds.

Each of the Selling Shareholders have, severally and not jointly, confirmed that their respective portion of the Offered Shares will be eligible for being offered for sale pursuant to the Offer in terms Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SECURTIES AND EXCHANGE BOARD OF INDIA (“SEBI”)

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, EDELWEISS FINANCIAL SERVICES LIMITED AND JM FINANCIAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

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 RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 6, 2022. IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED OFFER. SEBI FURTHER RESERVES THE

RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Disclaimer from our Company, our Promoters, our Directors, the Selling Shareholders and the Book Running Lead Managers

Our Company, our Promoters, our Directors, the Selling Shareholders and the Book Running Lead Managers accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus 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 https://www.sanathan.com or the respective website of any of our Subsidiaries or Group Company or members of the Promoter Group and affiliates (each as applicable) would be doing so at his or her own risk. The Selling Shareholders, their respective directors, affiliates, associates, and officers, as applicable, accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those statements or undertakings specifically made or confirmed by such Selling Shareholders in relation to themselves and their respective proportion of the Offered Shares.

The Book Running Lead Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and as will be provided for in the Underwriting Agreement.

All information shall be made available by our Company, Selling Shareholders and the Book Running Lead Managers to the Bidders and the public 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 Centres or elsewhere.

None among our Company or any member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise; or (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders and the Underwriters and each of their respective directors, partners, designated partners, 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 Selling Shareholders and the Underwriters and each of their respective directors, partners, designated partners, 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.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, its Subsidiaries, the Selling Shareholders and its respective group company, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, its Subsidiaries, the Selling Shareholders, their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Gujarat only.

The Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, NBFC-SIs and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs (under Schedule I of the FEMA Non-debt Instruments Rules), and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to subscribe or purchase the Equity Shares.

This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. Any person who possesses this Draft Red Herring Prospectus is required to keep themselves informed and observe and comply with to the extent applicable, any restrictions under the applicable legal requirements of any jurisdiction. **No person outside India is eligible to bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India. Any person into whose possession this Draft Red Herring Prospectus comes in is required to inform themselves about, and to observe, any such restrictions.**

No action has been, or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and Transfer Restrictions

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Disclaimer Clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

Listing

Applications will be made to the Stock Exchanges for permission to deal in and for listing and trading of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by the Stock Exchanges, our Company shall forthwith repay, without interest, all monies received from the applicants in pursuance of the Red Herring Prospectus in accordance with applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within six Working Days of the Bid/ Offer Closing Date or such other period as may be prescribed by SEBI. If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Bid/ Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and other applicable law for the delayed period.

Other than the listing fees for the Offer, which will be borne by our Company, and the fees and expenses of the legal counsel and the chartered accountants to the Selling Shareholders, which will be borne by the Selling Shareholders, all cost, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale, upon successful completion of the Offer. Upon successful completion of the Offer, any payments by our Company in relation to the Offer expenses on behalf of any of the Selling Shareholders shall be reimbursed by such Selling Shareholder to our Company inclusive of taxes.

Consents

Consents in writing of each of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Legal Counsel to our Company as to Indian Law, Legal Counsel to the Book Running Lead Managers as to Indian Law, Bankers to our Company, the Book Running Lead Managers, the Registrar to the Offer, have been obtained; and consents in writing of the Syndicate Members, Monitoring Agency and the Banker(s) to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and all such consents, as applicable, shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for filing with the RoC.

Expert to the Offer

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

Our Company has received written consent dated January 6, 2022 from Walker Chandiok & Co LLP, to include their name as required under section 26 of the Companies Act, 2013, read with the SEBI ICDR Regulations, in this DRHP, and as an "expert" as defined under section 2(38) of the Companies Act, 2013, to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated January 3, 2022 on our Restated Financial Statement; and (ii) their reports each dated January 6, 2022 on the statement of special tax benefits in relation to direct tax and statement of special tax benefits in relation to indirect tax in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term "experts" and consent thereof does not represent an "expert" or consent as is defined under the

U.S. Securities Act.

In addition, our Company has received written consent dated January 5, 2022, from JMT and Associates, Chartered Accountants, to include its name as an independent chartered accountant under Section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this DRHP, as an "expert" as defined under Section 2(38) of the Companies Act, 2013.

Our Company has received written consent dated January 6, 2022, from the secretarial auditor, namely DVD & Associates, Company Secretaries, to include his name in this Draft Red Herring Prospectus, as an "expert" as defined under section 2(38) and section 26(5) of the Companies Act, 2013 to the extent and in his capacity as a secretarial auditor, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated January 6, 2022 from the independent chartered engineer, namely Mitesh M. Desai, Chartered Engineer, to include his name in this Draft Red Herring Prospectus, as an "expert" as defined under section 2(38) and section 26(5) of the Companies Act, 2013 to the extent and in his capacity as a chartered engineer, certifying the installed production capacities and capacity utilisation of the manufacturing facility of our Company and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Commission or brokerage on previous issues of the equity shares in the last five years

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for the Equity Shares since our Company's incorporation.

Capital issue during the previous three years by our Company, the listed group companies, subsidiaries and associates of our Company

Our Company does not have associates. Except as disclosed in "*Capital Structure – Notes to the capital structure*" on page 77, our Company has not made any capital issues during the previous three years. Further, neither our Group Company nor Subsidiaries are listed on any stock exchange.

Performance vis-à-vis objects – Public/ rights issue of our Company

Our Company has not undertaken any public issue or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of the listed Subsidiaries/Promoters of our Company

None of our Subsidiaries or Promoters are listed on any stock exchange.

Price information of past issues handled by the BRLMs

A. Edelweiss Financial Services Limited

1. *Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by Edelweiss Financial Services Limited*

S. No.	Issue Name	Issue Size (₹ million) #	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	MedPlus Health Services Limited	13,982.95	796.00@	December 23, 2021	1,040.00	Not Applicable	Not Applicable	Not Applicable
2	Tarsons Products Limited	10,234.74	662.00$	November 26, 2021	682.00	-4.07% [-0.13%]	Not Applicable	Not Applicable
3	S. J. S. Enterprises Limited	8,000.00	542.00	November 15, 2021	542.00	-24.99% [-4.33%]	Not Applicable	Not Applicable
4	Vijaya Diagnostic Centre Limited	18,942.56	531.00*	September 14, 2021	540.00	5.41% [4.50%]	8.08% [0.76%]	Not Applicable
5	Aptus Value Housing Finance India Limited	27,800.52	353.00	August 24, 2021	333.00	-2.82% [5.55%]	-0.82% [6.86%]	Not Applicable
6	Devyani International Limited	18,380.00	90.00	August 16, 2021	140.90	32.83% [4.93%]	78.39% [9.30%]	Not Applicable
7	Powergrid Infrastructure Investment Trust	77,349.91	100.00	May 14, 2021	104.00	14.00% [7.64%]	22.04% [10.93%]	21.83% [22.94%]
8	Macrotech Developers	25,000.00	486.00	April 19, 2021	436.00	30.22% [5.21%]	75.43% [10.89%]	146.32% [27.71%]

S. No.	Issue Name	Issue Size (₹ million) #	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
	Limited							
9	Stove Kraft Limited	4,126.25	385.00	February 5, 2021	498.00	30.68% [0.09%]	28.92% [-2.05%]	115.34% [8.08%]
10	Indigo Paints Limited^	11,691.24	1,490.00^	February 2, 2021	2,607.50	75.72% [4.08%]	55.40% [-0.11%]	74.84% [7.61%]

Source: www.nseindia.com

^ *Indigo Paints Limited - A discount of ₹ 148 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹1490 per equity share*
**Vijaya Diagnostic Centre Limited - A discount of ₹ 52 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹531 per equity share*
$Tarsons Products Limited - A discount of ₹ 61 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹662 per equity share.
@MedPlus Health Services Limited - A discount of ₹ 78 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹796 per equity share.
#As per Prospectus

Notes
1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
4. *The Nifty 50 index is considered as the benchmark index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

2. Summary statement of Disclosure:

Fiscal Year*	Total no. of IPOs	Total amount of funds raised (₹ Mn.)#	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2021-22*	8	199,690.68	-	-	3	-	2	2	-	-	-	1	-	1
2020-21	7	45,530.35	-	-	1	3	1	2	-	-	1	5	1	-
2019-20	3	23,208.49	-	-	-	-	1	2	-	1	-	1	-	1

The information is as on the date of the document

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

**For the financial year 2021-22- 8 issues have been completed of which 2 issue has completed 180 calendar days, 6 issues have completed 30 days.*
#As per Prospectus

B. JM Financial Limited

Price information of past issues (during the current Financial Year and two Financial Years preceding the current Financial Year) handled by JM Financial Limited.

Sr. No.	Issue name	Issue Size (` million)	Issue price (`)	Listing Date	Opening price on Listing Date (in `)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	CMS Info Systems Limited	11,000.00	216.00	December 31, 2021	220.20	Not Applicable	Not Applicable	Not Applicable
2.	Data Patterns (India) Limited	5,882.24	585.00	December 24, 2021	856.05	Not Applicable	Not Applicable	Not Applicable
3.	C.E. Info Systems Limited	10,396.06	1,033.00	December 21, 2021	1,565.00	Not Applicable	Not Applicable	Not Applicable
4.	Tega Industries Limited	6,192.27	453.00	December 13, 2021	760.00	Not Applicable	Not Applicable	Not Applicable
5.	Go Fashion (India) Limited	10,136.09	690.00	November 30, 2021	1,310.00	59.75% [1.36%]	Not Applicable	Not Applicable
6.	Sapphire Foods India Limited	20,732.53	1,180.00	November 18, 2021	1,350.00	3.69% [-4.39%]	Not Applicable	Not Applicable
7.	FSN – E-Commerce Ventures Limited[7]	53,497.24	1,125.00	November 10, 2021	2,018.00	92.31% [-2.78%]	Not Applicable	Not Applicable
8.	Aditya Birla Sun Life AMC Limited	27,682.56	712.00	October 11, 2021	715.00	-11.36% [0.55%]	Not Applicable	Not Applicable
9.	Krsnaa Diagnostics Limited[8]	12,133.35	954.00	August 16, 2021	1,005.55	-9.42% [4.93%]	-27.73% [9.30%]	Not Applicable
10.	Rolex Rings Limited	7,310.00	900.00	August 09, 2021	1,250.00	22.28% [6.79%]	31.50% [10.20%]	Not Applicable

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details
Notes:

1. *Opening price information as disclosed on the website of NSE.*
2. *Change in closing price over the issue/offer price as disclosed on NSE.*

3. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
5. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*
6. *Restricted to last 10 issues.*
7. *A discount of Rs. 100 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
8. *A discount of Rs. 93 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion.*
9. *Not Applicable – Period not completed*

Summary statement of price information of past issues handled by JM Financial Limited:

Financial Year	**Total no. of IPOs**	**Total funds raised (` Millions)**	**Nos. of IPOs trading at discount on as on 30th calendar days from listing date**			**Nos. of IPOs trading at premium on as on 30th calendar days from listing date**			**Nos. of IPOs trading at discount as on 180th calendar days from listing date**			**Nos. of IPOs trading at premium as on 180th calendar days from listing date**		
			Over 50%	**Between 25% - 50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**	**Over 50%**	**Between 25%-50%**	**Less than 25%**
2021-2022	16	283,014.06	-	-	2	4	3	3	-	-	-	2	-	2
2020-2021	8	62,102.09	-	-	3	2	1	2	-	-	-	5	2	1
2019-2020	4	36,400.83**	-	-	1	-	1	2	-	1	1	-	1	1

***Spandana Sphoorty Financial Limited raised Rs. 11,898.49 million as against the issue size of Rs. 12,009.36 million*

Track record of past issues handled by the Book Running Lead Managers

For details regarding the track record of the Book Running Lead Managers, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers as set forth in the table below:

S. No	Name of the BRLM	Website
1.	Edelweiss Financial Services Limited	www.edelweissfin.com
2.	JM Financial Limited	www.jmfl.com

Stock Market Data of Equity Shares

This being an initial public offer of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances

SEBI, by way of its circular dated March 2021 Circular, has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism *inter alia* in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures. Subsequently, SEBI vide its circular dated June 2021 Circular, modified the process timelines and extended the implementation timelines for certain measures introduced by the March 2021 Circular.

Per the March 2021 Circular read with the June 2021 Circular, for initial public offerings opening for subscription on or after May 1, 2021, SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) periodic sharing of statistical details of mandate blocks/unblocks, performance of apps and UPI handles, network latency or downtime, etc., by the Sponsor Bank to the intermediaries forming part of the closed user group vide email; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid; and (v) mandating SCSBs to ensure that the unblock process for non-allotted/partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalisation of the Basis of Allotment.

Separately, pursuant to the March 2021 Circular, the following compensation mechanism shall be applicable for investor grievances in relation to Bids made through the UPI Mechanism for public issues opening on or after May 1, 2021, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled / withdrawn / deleted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the date on which the request for cancellation / withdrawal / deletion is placed on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Bid made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount; and 2. ₹100 per day or 15% per annum of the total cumulative blocked amount except the original Bid Amount, whichever is higher	From the date on which multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Bid Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Bid Amount; and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Bid Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted/ partially Allotted applications	₹100 per day or 15% per annum of the Bid Amount, whichever is higher	From the Working Day subsequent to the finalisation of the Basis of Allotment till the date of actual

		unblock

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a period of at least eight years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Company for storage of such records for longer period, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances in relation to the Bidding process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary submission to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder DP ID, UPI ID, Client ID, PAN, date of the of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

The Registrar to the Offer shall obtain the required information from the SCSBs and Sponsor Bank for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. Bidders can contact our Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, the refund circulars and subject to applicable law, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. In an event there is a delay in redressal of the investor grievance in relation to unblocking of amounts, the Bidder shall be compensated at the rate higher of ₹ 100 per day for the entire duration of delay exceeding four Working Day from the Bid / Offer Closing Date by the intermediary responsible for causing such delay in unblocking or 15% per annum of the application amount for the period of such delay.

Our Company, the Selling Shareholders, the Book Running Lead Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any act of the SCSBs, including any default in complying with their obligations under the applicable SEBI ICDR Regulations

Anchor Investors are required to address all grievances in relation to the Offer to the Book Running Lead Managers.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

Our Company has not received investor complaints during the period of three years preceding the date of this Draft Red Herring Prospectus, hence no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus.

Disposal of Investor Grievances by our Company

The Company has obtained authentication on the SCORES to comply with the SEBI circular (SEBI/HO/OIAE/IGRD/CIR/P/2021/642) dated October 14, 2021 and SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has also constituted a Stakeholder's Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details on the Stakeholders' Relationship Committee, see "*Our Management – Committees of the Board – Stakeholders*' *Relationship Committee*" on page 208.

Our Company has also appointed Jude Patrick Dsouza, our Company Secretary, as the Compliance Officer for the Offer. For details, see "*General Information*" on page 68.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being issued, offered and Allotted pursuant to the Offer shall be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the terms of the Red Herring Prospectus the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, any other terms and conditions as may be incorporated in the CAN, Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to issue of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as maybe prescribed by the SEBI, the Government of India, the Stock Exchanges, the RoC and/or any other governmental, statutory and/or regulatory authority while granting their approval for the Offer.

Ranking of the Equity Shares

The Equity Shares being issued and Allotted in the Offer shall be subject to the provisions of the Companies Act, our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including right to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see "*Description of Equity Shares and Terms of Articles of Association*" on page 380**.**

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to Shareholders as per the provisions of the Companies Act, our MoA and AoA, the SEBI Listing Regulations and any guidelines or regulations which may be issued by the Government in this regard and any other applicable law. All dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable law. For further details in relation to dividends, see *"Dividend Policy"* and *"Description of Equity Shares and Terms of Articles of Association"* on pages 229 and 380, respectively.

Face Value, Offer Price and Price Band

The face value of the Equity Shares is ₹ 10. The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band for the Offer will be decided by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders and the Offer Price and the Minimum Bid Lot for the Offer will be decided by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, and advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●]and [●] editions of the Gujarati national daily newspaper [●] (Gujarati being the regional language of the Union Territory of Dadra and Nagar Haveli and Daman and Diu, wherein our Registered Office is located), each with wide circulation, respectively, at least two Working Days prior to the Bid/ Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites.

The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges. The Offer Price shall be determined by our Company in consultation with the Book Running Lead Managers and the Selling Shareholders after the Bid/ Offer Closing Date, on the basis of assessment of market demand for the Equity Shares issued and offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

The Offer

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and each of the Selling Shareholders in the manner specified in "*Objects of the Offer - Offer Expenses*" on page 104.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or 'e-voting';
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Description of Equity Shares and Terms of Articles of Association*" on page 380.

Allotment of Equity Shares only in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013 and SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. As per the SEBI ICDR Regulations, and the SEBI Listing Regulations the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges. In this context, two agreements have been entered into amongst our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement dated November 10, 2021, among our Company, NSDL and the Registrar to the Offer.
- Tripartite agreement dated November 18, 2021, among our Company, CDSL and the Registrar to the Offer.

For details in relation to the Basis of Allotment, see "*Offer Procedure*" on page 357.

Market Lot and Trading Lot

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

The courts of Mumbai, India will have exclusive jurisdiction in relation to this Offer.

Period of operation of subscription list

See "*Offer Structure – Bid/Offer Programme*" on page 354.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the Sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered Office and at our Corporate Office or with the Registrar and Share transfer agent.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

If our Company does not receive the minimum subscription in the Offer as specified under Rule 19(2)(b) of the SCRR or the minimum subscription of 90% of the Fresh Issue on the Bid/Offer Closing Date; or if the subscription level falls below 90% after the closure of Offer on account of withdrawal of applications; or after technical rejections; or any other reason; or in case of devolvement of Underwriting, aforesaid minimum subscription is not received within 60 days from the date of Bid/ Offer Closing Date or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares in the Offer, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the offer document, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company, Selling Shareholders and every Director who are officers in default, shall pay interest as prescribed under applicable law.

In the event of achieving aforesaid minimum subscription, however, in case of under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders and the Designated Stock Exchange, subject to applicable law. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of an under-subscription in the Offer, the Equity Shares will be Allotted in the following order, (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (ii) post (i), the remaining 10% of the Fresh Issue, and the Offered Shares shall be Allotted to the Allottees on a proportionate basis.

Further, in terms of Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholders and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

No liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its portion of the Offered Shares.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Offer Equity Shares, the Promoters' Contribution and Allotments made to Anchor Investors pursuant to the Offer, as detailed in "*Capital Structure*" on page 77 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Description of Equity Shares and Terms of Articles of Association*" on page 380.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Offer.

Withdrawal of the Offer

Our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, reserves the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre- Offer advertisements were published, within two days of the Bid/ Offer Closing Date, or such other time as may be prescribed by SEBI providing reasons for not proceeding with the Offer. Further, the Stock Exchanges on which the Equity Shares are proposed to be listed shall be informed promptly in this regard by our Company The Book Running Lead Managers, through the Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank (in case of RIBs using the UPI Mechanism) , as applicable, to unblock the bank accounts of the ASBA Bidders and shall notify the Escrow Collection Bank to release the Bid Amounts to the Anchor Investors within one Working Day from the date of receipt of such notification.

In the event of withdrawal of the Offer, a fresh draft red herring prospectus will be submitted again to SEBI for any subsequent plans of a fresh offer by our Company, in terms of the UPI Circulars, in relation to the Offer, the Book Running Lead Managers will submit reports of compliance with T+6 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it. Further, in case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is filed with the RoC. If our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders withdraw the Offer after the Bid/ Offer Closing Date and thereafter determine that they will proceed with public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

OFFER STRUCTURE

The Offer of up to [●] Equity Shares, at an Offer Price of ₹ [●] per Equity Share for cash, including a premium of ₹[●] per Equity Share, aggregating up to ₹ [●] million by our Company comprising a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 5,000 million by our Company and an Offer for Sale of up to 11,400,000 Equity Shares aggregating up to ₹[●] million by the Selling Shareholders.

Our Company may, in consultation with the Selling Shareholders and Book Running Lead Managers, consider a Pre-IPO Placement of an aggregate amount not exceeding ₹1,000 million, to certain investors. Any Pre-IPO Placement to investors will be at a price to be decided by our Company, in consultation with the Selling Shareholders and Book Running Lead Managers. The Pre-IPO Placement, if undertaken, will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the minimum Offer Size complying with Rule 19 (2) (b) of the SCRR.

The Offer shall constitute [●] % of the post- Offer paid-up Equity Share capital of our Company, respectively**.** The face value of the Equity Shares is ₹10 each.

The Offer is being made through the Book Building Process.

Particulars	**QIBs**(1)	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares available for Allotment/allocation*(2)	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/allocation	Not more than 50% of the Offer shall be available for allocation to QIBs. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. Unsubscribed portion in the Mutual Fund Portion will be added to the QIB Portion (other than the Anchor Investor Portion)	Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation	Not less than 35% of the Offer or the Offer less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation
Basis of Allotment/allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above	Proportionate	The Allotment to each RIB shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated proportionately. See "*Offer Procedure*" on page 357.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only		
Mode of Bidding	Only through ASBA except Anchor Investors	Only through ASBA	Only through ASBA
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares in multiples of [●] Equity Shares such that the Bid Amount exceeds ₹200,000	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer (excluding the QIB Portion), subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialised form		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply[(3)(4)]	Public financial institutions as specified in Section 2(72) of the Companies Act 2013, scheduled commercial banks, mutual funds registered with SEBI, eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, FVCIs registered with the SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices	Resident Indian individuals, Eligible NRIs and HUFs (*in the name of Karta*).
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)] **In case of all other Bidders:** Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form.		

** Assuming full subscription in the Offer.*

(1) Our Company may, in consultation with the Book Running Lead Managers and the Selling Shareholders, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, subject to there being (i) a maximum of two Anchor Investors, where allocation in the Anchor Investor Portion is up to ₹ 100 million, (ii) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million under the Anchor Investor Portion, subject to a minimum Allotment of ₹ 50 million per Anchor Investor, and (iii) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof will be permitted, subject to minimum allotment of ₹ 50 million per Anchor Investor. An Anchor Investor will make a minimum Bid of such number of Equity Shares, that the Bid Amount is at least ₹ 100 million. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion. See "Offer Procedure" on page 357.

(2) Subject to valid Bids being received at or above the Offer Price. The Offer is being made in accordance with Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations and under Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders and the Designated Stock Exchange, subject to applicable law. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of an under-subscription in the Offer, the Equity Shares will be Allotted in the following order, (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (ii) post (i), the remaining 10% of the Fresh Issue, and the Offered Shares shall be Allotted to the Allottees on a proportionate basis. For further details, see "Terms of the Offer" on page 348.

(3) In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids, except as otherwise permitted, in any or all categories. The Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

(4) Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Offer Price shall be payable by the Anchor Investor pay-in date as indicated in the CAN.

The Bids by FPIs with certain structures as described under "Offer Procedure - Bids by FPIs" on pages 363 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders and the Designated Stock Exchange, subject to applicable law. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of an under-subscription in the Offer, the Equity Shares will be Allotted in the following order, (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (ii) post (i), the remaining 10% of the Fresh Issue, and the Offered Shares shall be Allotted to the Allottees on a proportionate basis.

Bid/Offer Programme

BID/ OFFER OPENS ON*	**[●]**
BID/ OFFER CLOSES ON**	**[●]**

** Our Company may, in consultation with the Book Running Lead Managers, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date.*

***Our Company may, in consultation with the Book Running Lead Managers, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

 # UPI mandate end time and date shall be at 12:00 pm on **[●]**.

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account*	On or about [●]
Credit of the Equity Shares to depository accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

********In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated in accordance with the applicable law by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable.*

The above timetable is indicative and does not constitute any obligation on our Company, Selling Shareholders or the Book Running Lead Managers.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days from the Bid/ Offer Closing Date or such period as may be prescribed, with reasonable support and co-operation of each of the Selling Shareholders, as may be required in respect of its respective portion of the Offered Shares, the timetable may change due to various factors, such as extension of the Bid/ Offer Period by our Company, in consultation with the Book Running Lead Managers, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above mentioned timelines. Further, the offer procedure is subject to change basis any revised SEBI circulars to this effect.

Submission of Bids (other than Bids from Anchor Investors):

Except in relation to the Bids received from the Anchor Investors, submission of Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** IST during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form **except that:**

(i) on the QIB Bid/Offer Closing Date, in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST);

(ii) on the Bid/Offer Closing Date: (*UPI mandate end time and date shall be at 12.00pm on [●])*

  (a) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and

  (b) in case of Bids by Retail Individual Bidders, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of Bids received up to the closure of timings and reported by the Book Running Lead Managers to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs and the Sponsor Bank or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected. The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing Date by obtaining the same from the Stock Exchanges. The SCSB's shall unblock such applications by the closing hours of the bank day and submit the confirmation to the Book Running Lead Managers and the RTA on daily basis, as per the format prescribed in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Due to limitation of the time available for uploading the Bids on the Bid/ Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will only be accepted on Working Days. Investors may please note that as per letter no. List/smd/sm/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. To avoid duplication, the facility of re-initiation provided to Syndicate Members shall preferably be allowed only once per bid/batch and as deemed fit by the Stock Exchanges, after closure of the time for uploading Bids.

None amongst our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company in consultation with the Book Running Lead Managers and the Selling Shareholders, reserve the right to revise the Price Band during the Bid/ Offer Period in accordance with the SEBI ICDR Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor Price, and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares. In all circumstances, the Cap Price shall be less than or equal to 120% of the Floor Price.

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, may, in consultation with the Book Running Lead Managers, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the Book Running Lead Managers and at the terminals of the members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank, as applicable.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Offers prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the "**General Information Document**") which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations which is part of the abridged prospectus accompanying the Bid cum Application Form. The General Information Document is available on the websites of the Stock Exchanges and the Book Running Lead Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer, including in relation to the process for Bids by Retail Individual Bidders through the UPI Mechanism.*

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) Payment Instructions for ASBA Bidders; (v) Issuance of CAN and allotment in the Offer; (vi) General instructions (limited to instructions for completing the Bid cum Application Form); (vii) Submission of Bid cum Application Form; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (x) mode of making refunds; (xi) Designated Date; (xii) disposal of applications; and (xiii) interest in case of delay in allotment or refund.

*The SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by Retail Individual Bidders through intermediaries from January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"), with effect from July 1, 2019, by SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2019/76) dated June 28, 2019, read with circular (SEBI/HO/CFD/DIL2/CIR/P/2019/85) dated July 26, 2019. Subsequently, however, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice. The final reduced timeline of T+3 days will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by the SEBI. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular is effective for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, as amended, are deemed to form part of this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.*

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, has *reduced the timelines for refund of Application money to four days.*

Our Company, the Selling Shareholders and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Further, our Company and the Members of Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.

Book Building Procedure

The Offer is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be allocated on a proportionate basis to QIBs, provided that our Company may, in consultation with the Book Running Lead Managers and the Selling Shareholders, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allotment in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the SCRR.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders and the Designated Stock Exchange, subject to applicable law. Under-subscription, if any, in the Net QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. In the event of an under-subscription in the Offer, the Equity Shares will be Allotted in the following order, (i) such number of Equity Shares will first be Allotted by our Company such that 90% of the Fresh Issue portion is subscribed; (ii) post (i), the remaining 10% of the Fresh Issue, and the Offered Shares shall be Allotted to the Allottees on a proportionate basis.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, the PAN and UPI ID, for RIBs Bidding in the Retail Portion using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get their Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to up to three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 has decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. Subsequently, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days. Accordingly, upon commencement of Phase III, the reduced time duration shall be applicable for the Offer.

The Offer will be made under UPI Phase II of the UPI Circular, unless UPI Phase III of the UPI Circular becomes effective and applicable on or prior to the Bid/Offer Opening Date. If the Offer is made under UPI Phase III of the UPI Circular, the same will be advertised in [●] editions of the English national daily newspaper [●], [●] editions of the Hindi national daily newspaper [●]and [●] editions of the Gujarati national daily newspaper [●] (Gujarati being the regional language of Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our Registered Office is located), each with wide circulation on or prior to the Bid/Offer Opening Date and such advertisement shall also be made available to the Stock Exchanges for the purpose of uploading on their websites

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the Retail Individual Bidders using the UPI.

Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law.

For further details, refer to the "*General Information Document*" available on the websites of the Stock Exchanges and the Book Running Lead Managers.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the Book Running Lead Managers.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. RIBs are mandatorily required to use the UPI Mechanism for submitting their bids to Designated

Intermediaries and are allowed to use ASBA Process by way of ASBA Forms to submit their bids directly to SCSBs. Anchor Investors are not permitted to participate in the Offer through the ASBA process. The RIBs Bidding in the Retail Portion can additionally Bid through the UPI Mechanism.

RIBs Bidding in the Retail Portion using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (other than RIBs using UPI Mechanism) must provide bank account details and authorization to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected or the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Applications made using third party bank account or using third party linked bank account UPI ID are liable for rejection.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs Bidding in the Retail Portion using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorizing an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank under the UPI Mechanism, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

Anchor Investors are not permitted to participate in the Offer through the ASBA process.

The prescribed color of the Bid cum Application Form for the various categories is as disclosed below.

Category	**Color of Bid cum Application Form***
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including Eligible NRIs, FVCIs, FPIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis	[●]
Anchor Investors	[●]**

**Excluding electronic Bid cum Application Form*

*** Bid cum Application Forms for Anchor Investors will be made available at the office of the Book Running Lead Managers.*

Notes:

(1) Electronic Bid cum Application Forms and the abridged prospectus will also be available for download on the website of the NSE (www.nseindia.com) and the BSE (www.bseindia.com).

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For ASBA Forms (other than RIBs using UPI Mechanism) Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID / Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated

Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID / Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI mandate requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/Offer Closing Date ("Cut-Off Time"). Accordingly, RIBs Bidding using through the UPI Mechanism should accept UPI mandate requests for blocking off funds prior to the Cut-Off Time and all pending UPI mandate requests at the Cut-Off Time shall lapse.The NPCI shall maintain an audit trail for every bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue. The Book Running Lead Managers shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Offer for analyzing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on a daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

Electronic registration of Bids

a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Participation by Promoter and members of the Promoter Group of our Company, the Book Running Lead Managers, the Syndicate Members and persons related to Promoter/Promoter Group/the Book Running Lead Managers

The Book Running Lead Managers and the Syndicate Members shall not be allowed to subscribe or purchase Equity Shares in the Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Book Running Lead Managers and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the Book Running Lead Managers and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the Book Running Lead Managers nor any associates of the Book Running Lead Managers can apply in the Offer under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associates of the Book Running Lead Managers;
(ii) insurance companies promoted by entities which are associates of the Book Running Lead Managers;
(iii) AIFs sponsored by the entities which are associates of the Book Running Lead Managers; or
(iv) FPIs (other than individuals, corporate bodies and family offices) sponsored by the entities which are associate of the Book Running Lead Managers.

Further, the Promoter and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer. Further, persons related to our Promoter and Promoter Group shall not apply in the Offer under the Anchor Investor Portion.

For the purposes of the above, a QIB who has the following rights shall be deemed to be a person related to our Promoter or Promoter Group:

(i) rights under a shareholders' agreement or voting agreement entered into with our Promoter or Promoter Group;
(ii) veto rights; or
(iii) right to appoint any nominee director on the Board.

Further, an Anchor Investor shall be deemed to be an associate of the Book Running Lead Managers, if: (a) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the Book Running Lead Managers.

Except to the extent of participation in the Offer for Sale, the Promoter and the Promoter Group will not participate in the Offer.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, reserves the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its NAV 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.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs, should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of Bidding through the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA Rules.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in color). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in color).

NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circular). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circular) to apply in the Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

In accordance with the FEMA Rules, the total holding by any individual NRI, on a repatriation basis, shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or shall 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 shall 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 warrant. Provided that 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.

NRIs applying in the Offer using UPI Mechanism are advised to enquire with the relevant bank whether their bank account is UPI linked prior to making such application. For details of investment by NRIs, see "*Restrictions in Foreign Ownership of Indian Securities*" on page 378. Participation of eligible NRIs shall be subject to FEMA Non-debt Instruments Rules.

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI including its investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-debt Instruments Rules, the total holding by each FPI, of an investor group, shall be below 10% of the total paid-up Equity Share capital of our Company on a fully diluted basis and the total holdings of all FPIs could be up to 100%, being the sectoral cap, of the paid-up Equity Share capital of our Company on a fully diluted basis.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

In terms of the FEMA Non-debt Instruments Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The FEMA Non-Debt Instruments Rules was enacted on October 17, 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except as respects things done or omitted to be done before such supersession. FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

In case the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

a) such offshore derivative instruments are issued only by persons registered as Category I FPIs;
b) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;
c) such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
d) such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under the SEBI FPI Regulations (as mentioned above from points (a) to (d)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager ("**MIM**") structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants which were issued in November 2019 to facilitate implementation of SEBI (Foreign Portfolio Investors) Regulations, 2019;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager;
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected. It should also be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected

The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents.

Bids by SEBI-registered AIFs, VCFs and FVCIs

The SEBI FVCI Regulations, SEBI VCF Regulations and the SEBI AIF Regulations prescribe, *inter alia*, the investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI respectively. FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering. Category I AIF and Category II AIF cannot invest more than 25% of the investible funds in one investee company directly or through investment in the units of other AIFs. A Category III AIF cannot invest more than 10% of the investible funds in one investee company directly or through investment in the units of other AIFs. AIFs which are authorised under the fund documents to invest in units of AIFs are prohibited from offering their units for subscription to other AIFs. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, a VCF that has not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations (and accordingly shall not be allowed to participate in the Offer) until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding Equity Shares prior to Offer, shall be locked-in for a period of at least one year from the date of purchase of such Equity Shares.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company, the Selling Shareholders or the Book Running Lead Managers will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by Limited Liability Partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, reserve the right to reject any Bid without assigning any reason thereof.

Bids by Banking Companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, reserves the right to reject any Bid without assigning any reason thereof. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended and Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended, is 10% of the paid up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company, subject to prior approval of the RBI if (i) the investee company is engaged in non-financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; or (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company. The bank is required to submit a time bound action plan to the RBI for the disposal of such shares within a specified period. The aggregate investment by a banking company along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above. The aggregate equity investments made by a banking company in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars issued by the SEBI dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by Systemically Important NBFCs

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) the last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditors, and (iv) such other approval as may be required by the Systemically Important NBFCs are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, reserves the right to reject any Bid without assigning any reason thereof.

Systemically Important NBFCs participating in the Offer shall comply with all applicable regulations, directions, guidelines and circulars issued by the RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

Bids by Insurance Companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in equity shares of the investee company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Offer are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

Bids by Provident Funds/Pension Funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, reserves the right to reject any Bid without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, Systemically Important NBFCs, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India, or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

Our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers, in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers may deem fit.

In accordance with existing regulations issued by the RBI, OCBs cannot participate in this Offer.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as will be specified in the Red Herring Prospectus and the Prospectus.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, the key terms for participation by Anchor Investors are provided below.

1) Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the Book Running Lead Managers.

2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹100 million.

3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

4) Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date.

5) Our Company, in consultation with the Book Running Lead Managers will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than: (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹100 million; (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹100 million but up to ₹2,500 million, subject to a minimum Allotment of ₹50 million per Anchor Investor; and (c) in case of allocation above ₹2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum allotment of ₹50 million per Anchor Investor.

6) Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation will be made available in the public domain by the Book Running Lead Managers before the Bid/ Offer Opening Date, through intimation to the Stock Exchanges.

7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

8) If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor pay-in date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.

9) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

10) Neither the Book Running Lead Managers (s) or any associate of the Book Running Lead Managers (other than mutual funds sponsored by entities which are associate of the Book Running Lead Managers or insurance companies promoted by entities which are associate of the Book Running Lead Managers or Alternate Investment Funds (AIFs) sponsored by the entities which are associates of the Book Running Lead Managers or FPIs, other than individuals, corporate bodies and family offices, sponsored by the

entities which are associate of the Book Running Lead Managers) shall apply under the Anchor Investors category.

Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

For more information, please read the General Information Document.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of three Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholders and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise or withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

Do's:

A. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

B. Ensure that you have Bid within the Price Band;

C. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

D. Ensure that you (other than the Anchor Investors) have mentioned the correct details of your ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not a RIB using the UPI Mechanism in the Bid cum Application Form and if you are a RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;

E. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center (except in case of electronic Bids) within the prescribed time. Retail Individual Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTAs or CDPs and should ensure that the ASBA Form contains the stamp of such Designated Intermediary. Bidders (other than Anchor Investors) shall submit the Bid cum Application Form in the manner set out in the General Information Document;

F. RIBs Bidding shall ensure that they use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Issue and not

ASBA Account or bank account linked UPI ID of any third party;

G. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019;

H. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;

I. Ensure that the signature of the first Bidder in case of joint Bids, is included in the Bid cum Application Forms. If the first Bidder is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

J. If the first Bidder is not the ASBA Account holder (or the UPI-linked bank account holder, as the case may be), ensure that the Bid cum Application Form is signed by the ASBA Account holder (or the UPI-linked bank account holder, as the case may be;

K. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

L. Ensure that you request for and receive a stamped Acknowledgment Slip in the form of a counterfoil or acknowledgment specifying the application number as a proof of having accepted the of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

M. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID which is UPI 2.0 certified by NPCI (only for RIBs using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

N. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed, and obtain a revised Acknowledgment Slip;

O. Retail Individual Bidders not using the UPI Mechanism, should submit their Bid cum Application Form directly with SCSBs and not with any other Designated Intermediary;

P. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

Q. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the circular (No. MRD/DoP/Cir-20/2008) dated June 30, 2008 issued by the SEBI, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

R. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

S. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

T. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trusts, etc., the relevant documents, including a copy of the power of attorney, if applicable, are submitted;

U. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

V. Since the Allotment will be in demat form only, ensure that the depository account is active, the correct DP ID, Client ID, the PAN, and UPI ID (for RIBs bidding through UPI mechanism) and PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, UPI ID (for ASBA Bidders bidding through UPI mechanism) and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, UPI ID (for ASBA Bidders bidding through UPI mechanism) and PAN available in the Depository database;

W. In case of QIBs and NIBs, ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

X. The ASBA Bidders shall use only their own bank account or only their own bank account linked UPI ID for the purposes of making Application in the Issue, which is UPI 2.0 certified by NPCI;

Y. Bidders (except RIBs Bidding through the UPI Mechanism) should instruct their respective banks to release the funds blocked in the ASBA account under the ASBA process. In case of RIBs, once the Sponsor Bank issues the Mandate Request, the RIBs would be required to proceed to authorize the blocking of funds by confirming or accepting the UPI Mandate Request to authorize the blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner;

Z. RIBs bidding using the UPI Mechanism should mention valid UPI ID of only the Bidder (in case of single account) and of the first Bidder (in case of joint account) in the Bid cum Application Form;

AA. Ensure that when applying in the Offer using the UPI Mechanism, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;

BB. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorize blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;

CC. Anchor Investors should submit the Anchor Investor Application Forms to the Book Running Lead Managers;

DD. FPIs making MIM Bids using MIM Structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

EE. Bids received from FPIs bearing the same PAN shall not be treated as multiple Bids in the event such FPIs utilise the MIM Structure and such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs;

FF. Bidders through UPI Mechanism shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her/its UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, a RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

GG. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Offer Closing Date;

HH. Bids by Eligible NRIs, HUFs and any individuals, corporate bodies and family offices who are FPIs and registered with SEBI for a Bid Amount of less than ₹200,000 would be considered under the Retail Category for the purposes of allocation and Bids for a Bid Amount exceeding ₹200,000 would be considered under the Non-Institutional Category for allocation in the Offer;

II. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB or the Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorize the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

JJ. Ensure that the Demographic Details are updated, true and correct in all respects;

KK. Ensure that Anchor Investors submit their Bid cum Application Forms only to the BRLMs;

LL. Ensure that your PAN is linked with your Aadhaar card, and that you are in compliance with notification dated Feb 13, 2020 and press release dated June 25, 2021, each issued by the Central Board of Direct Taxes;

MM. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected; and

NN. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIBs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure ‘A’ to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

Don’ts:

A. Do not Bid for lower than the minimum Bid size;

B. Do not submit a Bid using UPI ID, if you are not an RIB;

C. Do not Bid/revise the Bid Amount to less than the Floor Price or higher than the Cap Price;

D. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

E. Do not Bid at Cut-off Price (for Bids by QIBs, (subject to the Bid Amount being above ₹200,000) and Non-Institutional Bidders);

F. Do not pay the Bid Amount in cheques, demand drafts, cash, money order, postal order or by stock invest;

G. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

H. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;

I. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

J. Do not submit the Bid for an amount more than funds available in your ASBA account;

K. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder;

L. Do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;

M. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;

N. If you are a QIB, do not submit your Bid after 3:00 p.m. on the QIB Bid / Offer Closing Date;

O. Do not Bid for Equity Shares in excess of what is specified for each category;

P. In case of ASBA Bidders (other than RIBs using UPI mechanism), do not submit more than one Bid cum Application Form per ASBA Account;

Q. If you are an RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

R. Do not make the Bid cum Application Form using third party bank account or using third party linked bank account UPI ID;

S. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a color prescribed for another category of Bidder;

T. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

U. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

V. Do not fill up the Bid cum Application Form such that the number of Equity Shares Bid for exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations, or under the terms of the Red Herring Prospectus;

W. Do not submit the General Index Register (GIR) number instead of the PAN;

X. Do not submit incorrect details of the DP ID, Client ID, the PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

Y. Do not submit the ASBA Forms to any Designated Intermediary that is not authorized to collect the relevant ASBA Forms or to our Company;

Z. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centers. If you are RIB and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;

AA. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA account;

BB. Anchor Investors should not bid through the ASBA process;

CC. Anchor Investors should submit Anchor Investor Application Form only to the Book Running Lead Managers;

DD. Do not Bid on a Bid cum Application Form that does not have the stamp of a Designated Intermediary;

EE. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

FF. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIBs using the UPI Mechanism;

GG. RIBs Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected;

HH. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs Bidding using the UPI Mechanism;

II. Do not Bid if you are an OCB.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, see "*General Information*" on page 68.

Further, helpline details of the Book Running Lead Manager pursuant to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 are set forth in the table below:

S. No.	Name of the Book Running Lead Manager	Helpline (email)	Telephone
1.	Edelweiss Financial Services Limited	sanathan.ipo@edelweissfin.com	+91 22 4009 4400
2.	JM Financial Limited	sanathan.ipo@jmfl.com	+91 22 6630 3030

For more information, see the General Information Document.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids may be rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by RIBs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the

Bidder;

9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
10. GIR number furnished instead of PAN;
11. Bids by RIBs with Bid Amount of a value of more than ₹200,000;
12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
13. Bids accompanied by stock invest, money order, postal order or cash; and
14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchanges.

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see "*General Information*" on page 68.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the Book Running Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares through the Red Herring Prospectus and the Prospectus except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than one per cent of the Offer may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Bidders and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Bidder shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Payment into Escrow Account(s) for Anchor Investors

Our Company, in consultation with the Book Running Lead Managers and the Selling Shareholders, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favor of:

(a) In case of resident Anchor Investors: "[●]"; and

(b) In case of Non-Resident Anchor Investors: "[●]".

Anchor Investors should note that the escrow mechanism is not prescribed by the SEBI and has been established as an arrangement between our Company, the Selling Shareholders and the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] editions of the English national daily newspaper[●], [●] editions of the Hindi national daily newspaper [●] and [●] editions of the Gujarati national daily newspaper [●] (Gujarati being the regional language of Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our Registered Office is located) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. The advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement on or immediately after the finalization of the Offer Price but prior to the filing of Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) 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
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

***shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 1 million 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 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

Undertakings by Our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application form from Anchor Investors;

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken within six Working Days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI or under any applicable law;

- if Allotment is not made within the prescribed time period under applicable law, the entire Bid amount received will be refunded/unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;

- the funds required for making refunds (to the extent applicable) to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- except (i) pursuant to the ESOP Schemes or (ii) Pre-IPO Placement and addional allotment of INR 500 millions to non-promoter, no further issue of the Equity Shares shall be made until the Equity Shares issued through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

- our Company, in consultation with the Book Running Lead Managers, reserves the right not to proceed with the Fresh Issue, in whole or in part thereof, after the Bid/ Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/ Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed;

- Promoter's contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees; and

- if our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh draft red herring prospectus with the SEBI.

Undertakings by the Selling Shareholders

The Selling Shareholders, severally and not jointly, undertake the following:

- the Equity Shares being sold by it pursuant to the Offer have been held by them for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;

- they shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of their respective portion of Offered Shares pursuant to the Offer;

- they are the legal and beneficial owners of the respective Equity Shares to be offered by them in the Offer for Sale;

- that they shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the extent of their respective portion of Offered Shares pursuant to the Offer;

- the respective Equity Shares to be offered by them in the Offer for Sale are free and clear of any encumbrances and shall be transferred to the successful Bidders within the time specified under applicable law;

- they have authorized our Company to take such necessary steps in relation to the completion of Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of Equity Shares to be offered by them in the Offer for Sale;

- they are not debarred from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI;

- they shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchanges;

- they shall provide reasonable assistance to our Company and the Book Running Lead Managers to ensure that the Equity Shares to be offered by them in the Offer shall be transferred to the successful Bidders within the specified time period under applicable law; and

- the filing of this Draft Red Herring Prospectus does not absolve the Selling Shareholders from any liabilities to the extent of the statements specifically made or confirmed by themselves in respect of themselves and of their respective Offered Shares, under Section 34 or Section 36 of Companies Act, 2013.

Only the statements and undertakings in relation to the Selling Shareholders and their portion of the Offered Shares which are confirmed or undertaken by the Selling Shareholders in this Draft Red Herring Prospectus, shall be deemed to be "statements and undertakings made or confirmed" by the Selling Shareholders. No other statement in this Draft Red Herring Prospectus will be deemed to be "made or confirmed" by a Selling Shareholder, even if such statement relates to such Selling Shareholder.

Utilization of Offer Proceeds

Our Board certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and

- details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

The Company and the Selling Shareholders, severally and not jointly, declare that all monies received out of its respective component of the Offer for Sale shall be credited/transferred to a separate bank account pursuant to sub-section (3) of Section 40 of the Companies Act, 2013.

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 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 responsibility of granting approval for foreign investment under the Consolidated FDI Policy (defined herein below) and FEMA has been entrusted to the concerned ministries / departments.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (the "**Consolidated FDI Policy**"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The Consolidated FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in the manufacturing sector (including contract manufacturing) is permitted up to 100% of the paid up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions. For further details, see "*Key Regulations and Policies*" on page 180.

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 are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. For further details of the aggregate limit for investments by NRIs and FPIs in our Company, see "*Offer Procedure – Bids by Eligible NRIs*" and "*Offer Procedure – Bids by FPIs*" on pages 362 and 363, respectively. As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For further details, see "*Offer Procedure*" on page 357.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the FEMA Rules, any investment, subscription, purchase or sale of equity instruments by entities, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India.

In terms of the FEMA Rules and the Consolidated FDI Policy, up to 100% foreign investment is currently permitted in a company engaged in manufacturing activities in India (including contract manufacturing in India). With effect from April 1, 2020, the aggregate limits for FPI investments are the sectoral caps applicable to our Company. Each Bidder should seek independent legal advice about its ability to participate in the Offer and in our Company. In the event a prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/ Offer Period.

Given that more than 50% of our Company's Equity Share capital is owned by resident Indian citizens and our Company is controlled by resident Indian citizens, our Company is a "company owned by resident Indian citizens" and a "company controlled by resident Indian citizens" within the meaning the FEMA Rules and the Consolidated FDI Policy. Consequently, no investment made by our Company into our Subsidiaries is deemed to be 'indirect foreign investment' within the meaning of the FEMA Rules and the Consolidated FDI Policy, and the FEMA Rules and Consolidated FDI Policy are not applicable to our Subsidiaries or our Company's investment into our Subsidiaries.

Any change in our Company's shareholding or control, as a result of which our Company ceases to be a "company owned by resident Indian citizens" or a "company controlled by resident Indian citizens", within the meaning of the FEMA Rules and Consolidated FDI Policy could have an adverse impact on our business and financial condition, and on our Company's investment in its subsidiaries.

For further details, please see "*Risk Factors*" on page 31 of this Draft Red Herring Prospectus.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Bid/Offer Period.

As per the existing policy of the Government, OCBs cannot participate in the Offer.

The Equity Shares have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in "offshore transactions", as defined in, and in reliance on Regulation S.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made, by persons in any such jurisdiction except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company and the Book Running Lead Managers are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for which do not exceed the applicable limits under applicable laws and regulations.

SECTION VIII: DESCRIPTION OF EQUITY SHARES AND TERMS OF ARTICLES OF ASSOCIATION

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

SANATHAN TEXTILES LIMITED

1. CONSTITUTION OF THE COMPANY

a) *The regulations contained in table "F" of schedule I to the Companies Act, 2013 shall apply only in so far as the same are not provided for or are not inconsistent with these Articles.*

b) *The regulations for the management of the Company and for the observance of the shareholders thereof and their representatives shall be such as are contained in these Articles subject however to the exercise of the statutory powers of the Company in respect of repeal, additions, alterations, substitution, modifications and variations thereto by special resolution as prescribed by the Companies Act, 2013.*

2. INTERPRETATION

A. DEFINITIONS

In the interpretation of these Articles the following words and expressions shall have the following meanings unless repugnant to the subject or context.

a. "**Act**" means the Companies Act, 2013 and all rules, notifications, circulars and clarifications issued thereunder and shall include all amendments, modifications and re-enactments of the foregoing.

b. **Article"** or **"Articles"** means these articles of association of the Company as originally framed or as altered from time to time or applied in pursuance of the Act.

c. "**ADRs**" shall mean American Depository Receipts representing ADSs.

d. **ADR Facility"** shall mean an ADR facility established/which may be established by the Company with a depository bank to hold any equity shares as established pursuant to a deposit agreement and subsequently as amended or replaced from time to time.

e. **"ADSs"** shall mean American Depository Shares, each of which represents a certain number of Equity Shares.

f. **"Board"** shall mean the Board of Directors of the Company, as constituted from time to time, in accordance with Law and the provisions of these Articles.

g. **"Capital" or "Share Capital"** shall mean the share capital, for the time being comprising the Equity Share Capital and preference share capital, as may be the case, raised or authorised to be raised by the Company in terms of these Articles, the Act and the Memorandum of Association of the Company.

h. **"Consummation of the IPO"** shall mean the receipt of final listing and trading approval from each of the stock exchanges for the listing and trading of the Equity Shares of the Company pursuant to the IPO.

i. **“Company”** means Sanathan Textiles Limited, a company incorporated under the laws of India (which expression shall, unless repugnant to the context or meaning thereof, be deemed to include its successors and permitted assigns)

j. **“Depositories Act”** shall mean The Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof.

k. **“Depository”** shall mean a Depository as defined in Clause (e) of sub-section (1) of section 2 of the Depositories Act.

l. “**Equity Shares**” shall mean the issued, subscribed and fully paid-up equity shares of the Company;

m. **“GDRs”** shall mean the registered Global Depository Receipts, representing GDSs.

“GDSs” shall mean the Global Depository Shares, each of which represents a certain number of Equity Shares.

n. “**IPO**” means the initial public offering of the Equity Shares of the Company;

o. “**Independent Director**” means an ‘independent director’ as defined under the Act and the applicable laws;

p. “**Memorandum**” shall mean the memorandum of association of the Company, as amended from time to time.

q. **“Member”** shall mean:

(i) the subscriber to the Memorandum of the Company who shall be deemed to have agreed to become member of the Company, and on its registration, shall be entered as member in its register of members;

(ii) every other person who agrees in writing to become a member of the Company and whose name is entered in the register of members of the Company;

(iii) every person holding shares of the Company and whose name is entered as a beneficial owner in the records of a depository

r. “**Person**” shall mean any natural person, sole proprietorship, partnership, Company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).

s. “**Register of Members**” shall mean the register of members to be maintained as per the Act.

t. “**Seal” or “Common Seal**” shall mean the common seal(s) for the time being of the Company.

u. “**Securities**” shall have the meaning assigned to the term in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956, as may be amended from time to time.

v. **“Key Managerial Personnel”** – means (i) Managing director or Chief Executive Officer (CEO) or Manager, (ii) Company Secretary, (iii) whole time director, (iii) Chief Financial Officer (CFO); and (iv) such other officers as may be prescribed under the Act and the relevant Rules.

w. “**Share Equivalents**” shall mean any debentures, preference shares, foreign currency convertible bonds, floating rate notes, options (including options to be approved by the Board (whether or not issued) pursuant to an employee stock option plan) or warrants or other Securities or rights which are by their terms convertible or exchangeable into Equity Shares.

3. EXPRESSIONS IN THE ACT AND THESE ARTICLES

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

4. SHARE CAPITAL

(a) The authorised Share Capital of the Company shall be as stated under Clause V of the Memorandum of Association of the Company from time to time.

(b) The Share Capital of the Company may be classified into: (i) Equity Shares with voting rights; (ii) Equity shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time; and (iii) preference shares, convertible or non-convertible into Equity Shares, as permitted and in accordance with the applicable provisions of the Act and Law, from time to time.

(c) Subject to Article 4(b), all Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.

(d) Subject to the provisions of the Act and these Articles, the Board may issue and allot shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered, to the Company in the conduct of its business, and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be. However, the aforesaid shall be subject to the approval of members under the relevant provisions of the Act and Rules.

(e) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.

(f) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Equity Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

(g) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any Equity Shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is entered on the Register of Members shall for the purposes of these Articles be a Shareholder.

(h) The money, (if any), which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Equity Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

(i) The Company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

(j) Subject to the provisions of these Articles, the Company shall have the power, subject to and in accordance with the provisions of Section 54 of the Act and other relevant regulations in this regard from time to time, to issue sweat equity shares to its employees and/or Directors on such terms and conditions and in such manner as may be prescribed by Law from time to time.

5. PREFERENCE SHARES

Subject to the provisions of Section 55 and other applicable provisions of the Act and applicable Law, the Company shall have power to issue any Preference Shares, which are liable to be redeemed / convertible into securities on such terms and in such manner as the Company may determine before issue of such preference shares.

6. POWER TO ISSUE SECURITIES

The Company shall, subject to the applicable provisions of the Act and Rules and Regulation, have the power to issue debentures, preference shares, foreign currency convertible bonds, floating rate notes, options (including options to be approved by the Board (whether or not issued) pursuant to an employee stock option plan) or warrants or other securities or rights which are by their terms convertible or exchangeable into equity shares.

6.A SHARE EQUIVALENT

The Company shall, subject to the applicable provisions of the Act and the terms of these Articles, compliance with applicable law and the consent of the Board, have the power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

7. ADRS/GDRS

The Company shall, subject to the applicable provisions of the Act, compliance with all Law and the consent of the Board, have the power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

8. ALTERATION OF SHARE CAPITAL

The Company shall power to alter its share capital in the manner permitted under the provisions of Section 61 of the Act.

9. REDUCTION OF SHARE CAPITAL

The Company may, subject to Section 66 and other applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. This Article is not to derogate any power the Company would have under Law, if it were omitted.

9.A POWER TO MAKE COMPROMISE AND ARRANGEMENTS

Subject to the provisions of Section 230 to 240 of the Act and other applicable provisions of these Articles, the Company shall have the power to make compromise or make arrangements with creditors and members, consolidate, demerge, amalgamate or merge with other company or companies in accordance with the provisions of the Act and any other applicable laws. This Article is not to derogate any power the Company would have under law, if it were omitted.

10. POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES

Pursuant to a resolution of the Board or the shareholders as the case may, the Company may purchase its own Equity Shares or other Securities, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Act, the Rules and regulations formulated by any statutory/regulatory authority as may be applicable from time to time.

11. VARIATION OF CLASS OF SHAREHOLDERS' RIGHTS

Where the Capital is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Act and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is effected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 48(2) of the Act and Law, all provisions hereafter contained as to General

Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

12. REGISTERS TO BE MAINTAINED BY THE COMPANY

(a) The Company shall, in terms of the provisions of Section 88 of the Act and the provisions of the Depositories Act, 1996, cause to be kept the following registers in terms of the applicable provisions of the Act:

(i) A Register of Members indicating separately for each class of Equity Shares and preference shares held by each Shareholder residing in or outside India;

(ii) A register of Debenture holders; and

(iii) A register of any other security holders.

(b) The register(s) and index of beneficial owners maintained by a depository under the Depositories Act, 1996, as amended, shall be deemed to be the corresponding register(s) and index required under (a) above and the Act.

(c) The Company shall also be entitled to keep in any country outside India, a part of the registers referred above, called "foreign register" containing names and particulars of the Shareholders, Debenture holders or holders of other Securities or beneficial owners residing outside India.

13. SHARES AND SHARE CERTIFICATES

(a) Every member shall be entitled, without payment to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors so time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holders.

(b) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(c) A duplicate certificate of shares may be issued, if such certificate:

i. is proved to have been lost or destroyed; or

ii. has been defaced, mutilated or torn and is surrendered to the Company.

(c) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(d) A certificate, issued under the Common Seal, if any, of the Company and signed by two Directors or by a Director and the Company Secretary, specifying the shares held by any Person shall be *prima facie* evidence of the title of the Person to such shares. Where the shares are held in dematerialized form, the record of depository shall be the *prima facie* evidence of the interest of the beneficial owner.

(e) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed, then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees if the Board / Committee of the Board so decide or on payment of such fees (not exceeding Rupees fifty for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Board shall comply with the applicable provisions of the Act, rules or regulations or requirement of any Stock Exchange and rules made under the Securities Contracts (Regulation) Act, 1956, as amended or any other Act or rules applicable in this behalf.

(f) In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

(g) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

(h) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine–numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

14. SHARES AT THE DISPOSAL OF THE BOARD

(a) Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or at discount (subject to compliance with Section 53 and 54 of the Act) and at such time as they may from time to time think fit and with sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting. A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of rights issue, preferential offer or private placement, subject to and in accordance with the Act, Rules and other applicable provisions of law.

(b) Every Shareholder, or his heir(s), Executor(s), or Administrator(s) shall pay to the Company, the portion of the Capital represented by his share or shares which may for the time being remain unpaid thereon in such amounts at such time or times and in such manner as the Board shall from time to time in accordance with the Articles require or fix for the payment thereof.

(c) The Company shall comply with the Companies (Share capital and Debentures) Rules 2014 in respect of issue, re –issue, sub – division, consolidation, renewal of share certificate, sealing and signing of certificates and the records to be maintained of certificates issued by the Company. The Company shall deliver the certificates of all securities as per Section 56 (4) of the Act.

15. FURTHER ISSUE OF SHARES

1. Where at any time, it is proposed to increase the subscribed capital of the Company by allotment of further shares then :

    (a) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer, subject to the following conditions, namely;-

    (b) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days or such lesser number of days as may be prescribed and not exceeding thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

    (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (b) shall contain a statement of this right;

    (d) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the shareholders and the Company.

2. Notwithstanding anything contained in sub-clause (1), the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever:

    (a) If a special resolution to that effect is passed by the Company in general meeting, or

    (b) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company.

3. Nothing in sub-clause (c) of (1) hereof shall be deemed:

    (a) To extend the time within which the offer should be accepted; or

    (b) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued or loans raised by the company:

    (a) To convert such debentures or loans into shares in the Company; or

    (b) To subscribe for shares in the Company

    PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

    (c) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(d) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in General Meeting before the issue of the loans.

16. UNDERWRITING AND BROKERAGE

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or Debentures in the Company in accordance with the provisions of the Act, Companies (Prospectus and Allotment of Securities) Rules, 2014 and regulations prescribed by SEBI for this purpose as amended from time to time.

(b) The Company may also, on any issue of shares or Debentures, pay such brokerage as may be lawful.

17. CALLS ON SHARES

(a) Subject to the provisions of Section 49 of the Act, the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.

(b) Such days' notice in writing as permitted under the Act, at the least shall be given by the Company of every call (otherwise than on allotment) specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.

(c) The Board may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call and thereupon the call shall be deemed to have been made on the date so determined and if no date is determined, the call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the Shareholders whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board. A call may be revoked or postponed at the discretion of the Board.

(d) The joint holder of a share shall be jointly and severally liable to pay all instalments and calls due in respect thereof.

(e) The Board may, from time to time at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.

(f) If any Shareholder or allottee fails to pay the whole or any part of any call or installment, due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Shareholder.

(g) Any sum, which by the terms of issue of a share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time whether on account of the nominal value of the share or by way of premium shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.

(h) On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Shareholder in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares; that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and it shall not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(i) Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Shareholder to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

(j) The Board may, if it thinks fit (subject to the provisions of Section 50 of the Act) agree, to and receive from any Member willing to advance the same, the whole or any part of the moneys due upon the shares held by him beyond the sums actually called up, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Board may at any time repay the amount so advanced.

(k) No Member shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable by such member.

(l) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

18. COMPANY'S LIEN

(a) The Company shall have a first and paramount lien:

(i) on every share / debentures (not being a fully paid shares / debentures), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share;

(ii) on all shares (not being fully paid shares) standing registered in the name of a single person (whether solely or jointly with others), for all money presently payable by him or his estate to the Company; and

(iii) on the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures.

(iv) Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures.

Provided that the Board may, at any time, declare any shares/debentures wholly or in part to be exempt from the provisions of this Article.

(b) The fully paid-up shares shall be free from all lien and in the case of partly paid up shares the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

(c) No equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and Company's lien, if any, on the shares, shall extend to all Dividends payable and bonuses declared from time to time in respect of such shares.

The Company may sell, in such manner, as the Board thinks fit, any shares on which the Company has a lien. Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

(d) To give effect to any such sale, the Board may cause to be issued a duplicate certificate in respect of such shares and authorize some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

(e) The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the Person entitled to the shares at the date of the sale.

(f) The provisions of this Article shall *mutatis mutandis* apply to the Debentures of the Company.

19. FORFEITURE OF SHARES

(a) If any Shareholder fails to pay any call or installment or any part thereof or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(b) The notice shall name a day, (not being less than 14 (fourteen) days from the date of the notice), and a place or places on or before which such call or installment or such part or other money as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not be complied with, any share in respect of which such notice has been given, may at any time, thereafter before payment of all calls, installments, other money due in respect thereof, interest and expenses as required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law.

(d) When any share shall have been so forfeited, notice of the forfeiture shall be given to the Shareholder on whose name it stood immediately prior to the forfeiture or if any of his legal representatives or to any of the Persons entitled to the shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

(e) Any share so forfeited shall be deemed to be the property of the Company and may be sold; re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.

(f) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares. The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

(g) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

(h) A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the shares.

(i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

(k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

20. TRANSFER AND TRANSMISSION OF SHARES

(a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form. The Company shall also use a common form of transfer.

(b) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act, 1996 shall apply. All provisions of Section 56 of the Act and statutory modifications thereof for the time being shall be duly complied with in respect of all transfer of shares and registrations thereof.

(c) (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act

(ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

(d) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(f) Subject to the provisions of Sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Member in the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except where the Company has a lien on shares.

(g) Subject to the applicable provisions of the Act and these Articles, the Board shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(h) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to consolidate share certificates or split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, or consolidation of share certificates,if on the face of it such splitting/transfer/consolidation appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.

(j) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 22(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(l) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any member or members, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

(m) A Person becoming entitled to a share by reason of the death or insolvency of a member shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a member in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (Ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

(n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

(o) Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

(p) No fee shall be charged by the Company in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

(q) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

(r) The Company shall not register the transfer of its securities in the name of the transferee(s) when the transferor(s) objects to the transfer.

Provided that the transferor serves on the Company, within sixty working days of raising the objection, a prohibitory order of a Court of competent jurisdiction.

Provided that any physical transfer shall be allowed by the Company, unless the same is permitted under the Act or rules made thereunder.

21. TERM OF ISSUE OF DEBENTURE

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

22. DEMATERIALIZATION OF SECURITIES

(a) <u>Dematerialization</u>:

Notwithstanding anything contained in these Articles but subject to the provisions of Law, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the dematerialized form and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, instead of issuing or receiving certificates for the Securities, as the case maybe, the Company may exercise an option to issue, dematerialize, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act as amended from time to time or any statutory modification thereto or re-enactment thereof.

(c) If a Person opts to hold his Securities in dematerialized form through a Depository, then notwithstanding anything to the contrary contained in these Articles the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(d) <u>Securities in Depositories to be in fungible form</u>:

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88, 89 and 186 of the Act shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(e) <u>Rights of Depositories & Beneficial Owners</u>:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the

Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(f) Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(g) Transfer of Securities:

(i) Nothing contained in Section 56 of the Act or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(h) Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(i) Certificate Number and other details of Securities in Depository:

All the provisions in the Act or these Articles regarding the necessity to have certificate number/distinctive numbers for Securities issued by the Company shall not apply to Securities held with a Depository.

(j) Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

23. NOMINATION BY SECURITY HOLDERS

A holder of a security may appoint a nominee for his securities subject to the provisions of Section 72 of the Act and subject to the provisions of the Rules as may be prescribed in this regard.

24. NOMINATION IN CERTAIN OTHER CASES

Subject to the applicable provisions of the Act and these Articles, any person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any holder of Securities, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Securities or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Securities.

25. BORROWING POWERS

(a) Subject to the provisions of Section 73, 179 and 180, and other applicable provisions of the Act and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:

(i) accept or renew deposits from Shareholders;

(ii) borrow money by way of issuance of Debentures;

(iii) borrow money otherwise than on Debentures; and

(iv) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

(b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture–stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

(c) Any bonds, Debentures, debenture-stock or other Securities, may if permissible in Law, be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and on the condition that they or any part of them may be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Provided that Debentures with rights to allotment of shares or conversion into shares shall not be issued except with, the sanction of the Company in a General Meeting accorded by a Special Resolution.

(d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the members in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the members in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

(e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Act of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

(f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.

26. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

(a) The Company in General Meeting may, by Ordinary Resolution, convert any Paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, by an Ordinary Resolution, at any time reconvert any stock into Paid-up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal account from which the stock arose.

(b) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

27. QUORUM FOR GENERAL MEETING

The quorum for the members' Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, if such a quorum is not present within half an hour from the time set for the Shareholders' Meeting, the Shareholders' Meeting shall be adjourned to the same time and place or to such other date and such other time and place as the Board may determine and the agenda for the adjourned Shareholders' Meeting shall remain the same. If at such adjourned meeting also, a quorum is not present, at the expiration of half an hour from the time appointed for holding the meeting, the members present shall be a quorum, and may transact the business for which the meeting was called.

28. CHAIRMAN OF THE GENERAL MEETING

The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board or if at any meeting he is not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of them as Chairman. If no Director is present or if all the Directors present decline to take the Chair, then the Members present shall elect, on a show of hands or on a poll if properly demanded, one of their member to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

29. CHAIRMAN CAN ADJOURN THE GENERAL MEETING

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

29.A POSTAL BALLOT AND E-VOTING

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended from time to time, or other law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Act and the Companies (Management and Administration) Rules, 2014, as amended from time to time and other applicable laws.

(c) The Company shall also provide e-voting facility to the shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014 or any other applicable law.

30. DIRECTORS

(a) Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (Fifteen), provided that the Company may appoint more than 15 (Fifteen) directors after passing a special resolution in a General Meeting.

(b) The first Directors of the Company are**:**

1) Ajaykumar Dattani;
2) Pareshkumar Dattani; and
3) Anilkumar Dattani.

31. CHAIRMAN OF THE BOARD OF DIRECTORS

(a) The members of the Board shall elect any one of them as the Chairman of the Board. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. The Chairman shall have a casting vote in the event of a tie.

(b) If for any reason the Chairman is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the members of the Board shall appoint any one of the remaining Directors as the Chairman.

32. APPOINTMENT OF ALTERNATE DIRECTORS

Subject to Section 161 of the Act any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 (three) months from India. The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called "**the Original Director**") (subject to such person being acceptable to the Chairman) during the Original Director's absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of the office of the Original Director is determined before he so returns to India, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

33. CASUAL VACANCY AND ADDITIONAL DIRECTORS

Subject to the applicable provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under Article 27. Any Person so appointed as an additional Director shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.

34. DEBENTURE DIRECTORS

If it is provided by a trust deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/lender or Persons/lenders shall have power to nominate a Director of the

Company, then in the case of any and every such issue of Debentures, the Person/lender or Persons/lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/lender or Persons/lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares. The trust deed may contain ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any other provisions contained herein.

35. NOMINEE DIRECTORS

Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Act the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement/ facility agreement. The nominee director representing lenders shall not be required to hold qualification shares. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

35.A INDEPENDENT DIRECTORS

The Company shall have such number of Independent Directors on its Board, as may be required in terms of the provisions of Section 149 of the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other law, as may be applicable.

36. REMUNERATION OF DIRECTORS

(a) Subject to the applicable provisions of the Act, a Director (other than a Managing Director or an executive Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act for each meeting of the Board or any Committee thereof attended by him.

(b) The sitting fees payable to each Director for every meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to time by the Central Government pursuant to the first proviso to Section 197 of the Act.

(c) The Directors shall be paid such further remuneration (if any), as the Company in General Meeting shall from time to time determine, and such further remuneration shall be paid to or divided among the Directors or some or any of them in such proportion and manner as the Directors may from time to time determine;

37. SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

Subject to the provisions of the Act and Law, if any Director is called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board. Such remuneration may either be in addition, to or in substitution for his remuneration otherwise provided, subject to the applicable provisions of the Act.

38. CONTINUING DIRECTORS

The continuing Directors may act notwithstanding any vacancy in their body, but if, and so long as their number is reduced below the minimum number fixed by Article 30 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

39. VACATION OF OFFICE BY DIRECTOR

The office of a Director, shall *ipso facto* be vacated on the grounds as mentioned in Sections 167 of the Act.

40. MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S)/ EXECUTIVE DIRECTOR(S) / MANAGER

a) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time any of its members as Managing Director or Managing Directors and/or Whole time Director/s and/or Special Director like Technical Director, Financial Director etc. of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors / Whole-time Director(s), Technical Director(s) and Financial Director(s) such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions as it may determine.

b) The Managing Director shall not be liable to retire by rotation.

c) A Managing Director so appointed shall exercise the powers and authorities conferred upon him by an agreement entered into between him and the Company and/or by a Resolution of the Board and be subject to the obligations and restrictions imposed upon him thereby or by the Act.

d) Subject to the provisions of Section 197 of the Act, a Managing Director / Whole Time Director or Special Directors shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be approved by the Board and Company. The remuneration of such Directors may be by way of monthly remuneration and/or Performance Bonus/Incentive and/or participation in profits or by any or all of those modes, or of any other mode not expressly prohibited by the Act. The payment of overall managerial remuneration shall not exceed the maximum limits prescribed under the Act. In case of absence or inadequate profits, the payment of the managerial remuneration shall be subject to necessary statutory approvals.

e) Subject to the provisions of the Act and in particular to the prohibitions and restrictions contained in Section 179 thereof, the Board may from time to time entrust to and confer upon the Managing Director or Managing Directors for the time being such of the powers exercisable under these presents by the Directors as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think fit and they may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

41. POWER AND DUTIES OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s)/ whole time director(s) / executive director(s)/ manager in the manner as deemed fit by the Board and subject to the applicable provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s)/ whole time director(s) / executive director(s)/ manager with such of the powers hereby vested in the Board generally as it thinks fit and such powers may be made exercisable for such period or periods and upon such conditions and subject to the applicable provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

42. QUESTIONS AT THE BOARD MEETINGS HOW DECIDED

(a) Questions arising at any meeting of the Board, other than as specified in these Articles and the Act, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

(b) No regulation made by the Company in General Meeting, shall invalidate any prior act of the Board, which would have been valid if that regulation had not been made.

43. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If no such chairman is elected, or at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

44. POWERS OF THE BOARD

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the memorandum and articles of association of the Company.

b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

c) The Board of Directors of the Company shall exercise certain powers as mentioned in the Section 179 of the Act only by resolutions passed at the meeting of the Board any other matter which may be prescribed under the Act and Companies (Meetings of Board and its Powers) Rules, 2014 or any other applicable law.

45. COMMITTEES AND DELEGATION BY THE BOARD

(a) The Company shall constitute such Committees as may be required under the Act and applicable provisions of Law.

(b) Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every Committee of the Board so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(c) The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

46. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING DEFECTS IN APPOINTMENT

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director . Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

47. CHARGE OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the applicable provisions of the Act and these Articles, making calls on the Members in respect of such uncalled capital in trust for the person in whose favour such charge is executed.

48. SUBSEQUENT ASSIGNS OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

49. CHARGE IN FAVOUR OF DIRECTOR FOR INDEMNITY

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed, any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

50. KEY MANAGERIAL PERSONNEL

a) The Company shall have the following whole time Key Managerial Personnel: (a) Managing Director, or Chief Executive Officer, or Manager, and in their absence a whole-time director; (b) Company Secretary and (c) the Chief Financial Officer. Such individuals who shall be identified as whole time Key Managerial Personnel (whole time KMP). Every whole time KMP shall be appointed by means of a resolution of the Board containing the terms and conditions of the appointment including the remuneration. Any Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer so appointed may be removed by means of a resolution of the Board.

b) A whole time KMP shall not hold office in more than one company except in its subsidiary company at the same time. Provided that nothing contained herein shall disentitle a KMP from being a director of any company with the permission of the Board.

c) If the office of any whole time KMP is vacated the resulting vacancy shall be filled up by the Board at the Meeting of the Board within a period of six months from the date of such vacancy

51. THE COMPANY SECRETARY

Subject to the provisions of Section 203 of the Act, the Board may, from time to time, appoint any individual as Company Secretary of the Company to perform such functions, which by the Act or these Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to him by the Board. The Board may also at any time appoint some individual (who need not be the Company Secretary) to maintain the Registers required to be kept by the Company.

52. SEAL

(a) The Board may provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal, if any, for the time being.

(b) The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a Committee of the Board, and except in the presence of at least one (1) Director or of the Company Secretary or such other person as the Board or Committee of the Board may appoint for the purpose; and those one (1) Director and the Company Secretary or other person aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence.

53. BOOKS OF ACCOUNTS

i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of Members not being Directors as per the provisions of the Act.

ii) No member (not being a Director) shall have any right of inspecting any accounts or books or documents of the Company except as conferred by law or authorised by the Board or by the Company in General Meeting.

54. SHAREHOLDERS TO NOTIFY ADDRESS IN INDIA

Each registered Shareholder from time to time shall notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

55. SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

If a Members who does not have registered address in India, has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighbourhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

56. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF MEMBERS

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Members by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

57. NOTICE BY ADVERTISEMENT

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Members, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Office is situated.

58. DIVIDEND AND RESERVE

(a) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

(b) Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

(c) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(d) The Board may also carry forward any profits which it may consider necessary not to distribute, without setting them aside as a reserve.

(e) (i)Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii)No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii)All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

(f) The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

(g) *(i)* Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

(h) Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

(i) Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

(j) No dividend shall bear interest against the company.

(k) Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called "_________Unpaid Dividend Account"

(l) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Fund known as Investor Education and Protection Fund established under section 125 of the Act and the Company shall send a statement in the prescribed form of the details of such transfer to the authority which administers the said fund and that authority shall issue a receipt to the Company as evidence of such transfer.

(m) All shares in respect of which dividend has not been paid or claimed for 7 (seven) consecutive years or more shall be transferred by the Company in the name of the Investors Education and Protection Fund subject to the provisions of the Act and Rules.

(n) No unclaimed or unpaid dividend shall be forfeited by the Board.

59. CAPITALISATION OF PROFITS

Subject to the provisions of Section 63 of the Act and rules made thereunder and the applicable laws, the Company in its General Meeting may resolve to issue the bonus shares to its Members and capitalize its profit or free reserves for the purpose of issuing fully paid up bonus shares.

60. WINDING UP

Subject to the applicable provisions of the Act and the Rules made thereunder–

(a) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

61. DIRECTOR'S AND OTHER'S RIGHTS TO INDEMNITY

Subject to the provisions of Section 197 of the Act, every Director, Manager and other officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and the company shall pay out its funds all costs, losses and expenses which any director, Manager, officer or employee may incur or become liable to by reason of any contract entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or employee in defending any proceedings Whether civil or criminal in which judgement is given in his favour or he is acquitted or in connection with any application under Section 463 of the Act in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the shareholders over all the claims.

62. DIRECTOR'S ETC. NOT LIABLE FOR CERTAIN ACTS

Subject to the provision of Section 197 of the Act, no Director, Manager, Officer or Employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, Officer or employee or for joining in any receipts or other acts for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any monies, securities or effects shall be deposited or for any loss occasioned by an error of judgement or oversight on his part, or for any other loss, damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through negligence, default, misfeasance, breach of duty or breach of trust. Without prejudice to the generality of the foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with the Registrar of Companies in respect of any act done or required to be done by any Director or other officer by reason of his holding the said office shall be paid and borne by the Company.

63. INSPECTION BY MEMBERS

The register of charges, register of investments, register of members, books of accounts and the minutes of the meeting of the board and members shall be kept at the office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each Business Day as the board determines for inspection of any shareholder without charge. In the event such shareholder conducting inspection of the abovementioned documents requires extracts of the same, the Company may charge a fee which shall not exceed Rupees ten per page or such other limit as may be prescribed under the Act or other applicable provisions of law.

64. AMENDMENT TO ARTICLES OF ASSOCIATION

(a) The Members shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

(b) The Company, may from time to time alter, add to amend or delete any of the existing Articles or may add a new Article thereto or adopt a new set in accordance with the provisions of the Act.

65. SECRECY

a) No shareholder shall be entitled to inspect the Company's work without permission of the managing Director/Directors or to require discovery of any information respectively any details of Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the managing Director/Directors will be inexpedient in the interest of the shareholders of the Company to communicate to the public.

b) Every Director, managing Directors, manager, Secretary, Auditor, Trustee, members of the committee, officer, servant, agent, accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or the Auditors, or by resolution of the Company in the general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provision of these Articles or Law.

66. GENERAL POWER

Wherever in the Companies Act, it has been provided that the Company shall have right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorised by its articles, then and in that case this regulation hereto authorises and empowers the Company to have such rights, privilege or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and 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 Red Herring Prospectus), which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for filing. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date and will also be available at [●].

A. Material Contracts for the Offer

1. Registrar Agreement dated January 6, 2022, entered amongst our Company, the Selling Shareholders and the Registrar to the Offer.

2. Offer Agreement dated January 6, 2022, entered amongst our Company, the Selling Shareholders and the Book Running Lead Managers.

3. Cash escrow and sponsor bank agreement dated [●] entered amongst our Company, the Selling Shareholders, the Registrar to the Offer, the Book Running Lead Managers, Syndicate Members and the Banker(s) to the Offer.

4. Share escrow agreement dated [●] entered amongst the Selling Shareholders, our Company and the Share Escrow Agent.

5. Syndicate agreement dated [●] entered amongst our Company, the Selling Shareholders, the Book Running Lead Managers, Registrar to the Offer and the Syndicate Members.

6. Underwriting agreement dated [●] entered amongst our Company, the Selling Shareholders, and the Underwriters.

7. Monitoring Agency Agreement dated [●] between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association as amended from time to time.

2. Certificate of incorporation dated October 10, 2005.

3. Fresh certificate of incorporation issued by the Registrar of Companies Gujarat at Ahmedabad consequent upon conversion to public limited company dated November 18, 2021

4. Resolutions of the Board of Directors dated November 22, 2021 authorizing the Offer and other related matters.

5. Resolutions of the Board of Directors dated January 3, 2022, taking on record the approval for the Offer for Sale by the Selling Shareholders.

6. Resolution of the Shareholders dated November 25, 2021 in relation to the Fresh Issue and other related matters.

7. Resolution of the Board of Directors and the IPO Committee of our Company dated dated January 3, 2022 and January 6, 2022, respectively, approving this Draft Red Herring Prospectus for filing with SEBI and the Stock Exchanges.

8. Consent letters each dated January 1, 2022 from the Selling Shareholders in relation to the Offer for Sale.

9. Resolution of the board of directors of Vajubhai Investments Private Limited dated January 1, 2022, consenting to participate in the Offer for Sale.

10. Consent dated December 28, 2021 from CRISIL Limited to rely on and reproduce part or whole of the CRISIL Report and include their name in this Draft Red Herring Prospectus.

11. Agreement for Succession of Partnership Firm dated March 20, 2006 and Deed of Succession of Partnership Firm dated April 1, 2006 with Sanathan Texturisers.

12. Personal guarantee letters each dated July 13, 2021 provided by certain of our Promoters and Promoter Group Selling Shareholders in relation to the Fourth Supplemental Working Capital Consortium Agreement dated September 23, 2019 to the Working Capital Consortium Agreement dated January 10, 2013 and Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019 to the Term Loan Agreement dated January 10, 2013 extended by Bank of Baroda and Union Bank of India.

13. Written consent dated January 6, 2022 from Walker Chandiok & Co LLP., Chartered Accountants, to include their name as required under section 26 of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated January 3, 2022 on our Restated Financial Statement; and (ii) their reports each dated January 6, 2022 on the statement of special tax benefits in relation to direct tax and statement of special tax benefits in relation to indirect tax in this DRHP and such consent has not been withdrawn as on the date of this DRHP. However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act.

14. Written consent dated January 6, 2022 from DVD & Associates, Company Secretaries, to include his name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as a secretarial auditor and in respect of the certificate issued by him and information included in this Draft Red Herring Prospectus.

15. The examination report dated January 3, 2022 of the Statutory Auditors on our Restated Financial Statement.

16. Copies of annual reports of our Company for the Financial Years 2021, 2020 and 2019, respectively.

17. Consent of each of the Directors, the Book Running Lead Managers, the Syndicate Members, the legal counsel to our Company as to Indian law, the legal counsel to Selling Shareholders, the legal counsel to the Book Running Lead Managers as to Indian Law, CRISIL, Registrar to the Offer, Independent Chartered Accountant, Banker(s) to the Offer, Bankers to our Company, Company Secretary and Compliance Officer, as referred to in their specific capacities.

18. Consent dated January 6, 2022 from Mitesh M. Desai, Chartered Engineer, to include his name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as an independent chartered engineer and in respect of the certificate issued by him and information included in this Draft Red Herring Prospectus.

19. Consent dated January 5, 2022 from JMT and Associates, Chartered Accountants to include its name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as an Independent Chartered Accountant and in respect of the certificate issued by him and information included in this Draft Red Herring Prospectus.

20. Appointment letter dated November 25, 2021 for appointing Pareshkumar Dattani as the Chairman and Managing Director of the Company.

21. Appointment letter dated November 25, 2021 for appointing Ajaykumar Dattani as the Joint Managing Director of the Company.

22. Appointment letter dated November 25, 2021 for appointing Anilkumar Dattani as the Executive Director of the Company.

23. Appointment letter dated November 25, 2021 for appointing Sammir Dattani as the Executive Director of the Company.

24. Tripartite agreement dated November 10, 2021, among our Company, NSDL and the Registrar to the Offer.

25. Tripartite agreement dated November 18, 2021, among our Company, CDSL and the Registrar to the Offer.

26. Report titled “Assessment of textile industry with special focus on yarn manufacturing market in India” dated December 28, 2021 issued by CRISIL.

27. Letter dated October 11, 2021, appointing CRISIL as the industry report provider.

28. Due diligence certificate dated January 6, 2022, addressed to SEBI from the Book Running Lead Managers.

29. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

30. SEBI observation letter bearing reference number [●] and dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus 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 notice to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Pareshkumar Dattani

Chairman and Managing Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Ajaykumar Dattani

Joint Managing Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Anilkumar Dattani

Executive Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Sammir Dattani

Executive Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Debabrata Sarkar

Independent Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Khurshed Thanawalla

Independent Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

Vinay Aggarwal

Independent Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Director of our Company

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Bhumika Batra

Independent Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules framed and guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, the SEBI Act or rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Draft Red Herring Prospectus are true and correct.

Signed by the Chief Financial Officer

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Nidhi Batavia

Chief Financial Officer

Place: Mumbai

Date: January 6, 2022

DECLARATION

I, Ajaykumar Dattani, acting as a Promoter Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Promoter Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

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Ajaykumar Dattani

Place: Mumbai

Date: January 6, 2022

DECLARATION

I, Anilkumar Dattani, acting as a Promoter Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Promoter Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

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Anilkumar Dattani

Place: Mumbai

Date: January 6, 2022

DECLARATION

I, Pareshkumar Dattani, acting as a Promoter Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Promoter Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

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Pareshkumar Dattani

Place: Mumbai

Date: January 6, 2022

DECLARATION

I, Dineshkumar Dattani, acting as a Promoter Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Promoter Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

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Dineshkumar Dattani

Place: Mumbai

Date: January 6, 2022

DECLARATION

We, Vajubhai Investments Private Limited acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves, as one of the Promoter Group Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of the Promoter Group Selling Shareholder

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Authorised Signatory: Ajaykumar Dattani

Designation: Director

Place: Mumbai

Date: January 6, 2022

DECLARATION

We, Vallabhdas Dattani HUF acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves, as one of the Promoter Group Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of the Promoter Group Selling Shareholder

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Authorised Signatory: Vallabhdas Dattani

Designation: Karta

Place: Mumbai

Date: January 6, 2022

DECLARATION

I, Sonali Dattani, acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Promoter Group Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Group Selling Shareholder

Sonali Dattani

Place: Mumbai

Date: January 6, 2022

DECLARATION

We, Dineshkumar Dattani HUF, acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves, as one of the Promoter Group Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of the Promoter Group Selling Shareholder

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Authorised Signatory: Dineshkumar Dattani

Designation: Karta

Place: Mumbai

Date: January 6, 2022

DECLARATION

I, Beena Dattani, acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Promoter Group Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Group Selling Shareholder

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Beena Dattani

Place: Mumbai

Date: January 6, 2022

DECLARATION

We, Anilkumar Dattani HUF, acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves, as one of the Promoter Group Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of the Promoter Group Selling Shareholder

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Authorised Signatory: Anilkumar Dattani

Designation: Karta

Place: Mumbai

Date: January 6, 2022

DECLARATION

We, Pareshkumar V Dattani HUF, acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus in relation to ourselves, as one of the Promoter Group Selling Shareholders and our respective portion of the Offered Shares, are true and correct. We assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed for and on behalf of the Promoter Group Selling Shareholder

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Authorised Signatory: Pareshkumar Dattani

Designation: Karta

Place: Mumbai

Date: January 6, 2022

DECLARATION

I, Mikesh Dattani, acting as a Promoter Group Selling Shareholder, hereby confirm and declare that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus in relation to myself, as one of the Promoter Group Selling Shareholders and my respective portion of the Offered Shares, are true and correct. I assume no responsibility as a Promoter Group Selling Shareholder, for any other statements, disclosures and undertakings including, any of the statements and undertakings made or confirmed by or relating to the Company or any other Selling Shareholder, or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Group Selling Shareholder

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Mikesh Dattani

Place: Mumbai

Date: January 6, 2022