



# ASHNOOR TEXTILE MILLS LIMITED

REGD. OFFICE & WORKS : BEHRAMPUR ROAD KHANDSA VILLAGE, GURUGRAM-122001 (HR.)

TEL. : 0124-4809756, 4809755

email : atml\_delhi@yahoo.com

Registration No. : L17226HR1984PLC033384

**Date: May 02, 2024**

To,  
The Manager,  
Listing Operations,  
BSE Limited,  
Dalal Street,  
Mumbai – 400 001

**Subject: Proposed Rights Issue of the Fully Paid-up Equity Shares of Ashnoor Textile Mills Limited (“the Company”).**

Dear Sir/Madam,

With regard to the captioned subject, please note that the Company has proposed a Rights Issue of upto 31,86,462 Equity Shares of face value of Rs. 10/- each of the Company at an issue price of Rs. 20/- per Rights Equity Shares aggregating up to Rs. 637.29/- Lakhs on rights basis to the eligible shareholders of the company in the ratio of 1 Rights Equity Share for every 4 Fully Paid-up Equity Shares held by the Eligible Equity shareholders as on the record date.

In this regard, please find enclosed the soft copy of Letter of Offer dated April 22, 2024 for the Rights Issue of Ashnoor Textile Mills Limited.

Kindly take the above information on your records.

Thanking You,

Yours faithfully  
For Ashnoor Textile Mills Limited

(Authorized Signatory)






Letter of Offer  
Dated: April 22, 2024  
For Eligible Shareholders only

## ASHNOOR TEXTILE MILLS LIMITED

Our Company was originally incorporated as Gupta Carpets Udyog Limited under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on January 21, 1984. Subsequently the name of our Company was changed from "Gupta Carpets Udyog Limited" to "GCUL Limited" and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on July 11, 1995. Thereafter the name of our Company was subsequently changed from "GCUL Limited" to "Ashnoor Textile Mills Limited" and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on April 29, 1999. For detailed information of change of Registered Office please refer to chapter "General Information" on page number 40 of this Letter of Offer.

**Registered Office:** Behrampur, Khandsa Village, Gurugram, Haryana-122001, India  
**Telephone No.:** 0124-4809755 | **Email:** [accounts@ashnoortex.com](mailto:accounts@ashnoortex.com) | **Website:** [www.ashnoortex.com](http://www.ashnoortex.com)  
**Contact Person:** Yashima Saluja, Company Secretary & Compliance Officer  
**Corporate Identification Number:** L17226HR1984PLC033384

PROMOTERS OF OUR COMPANY		
MR. SUNEEL GUPTA, MS. SANGEETA GUPTA, MR. ABHINAV GUPTA AND MS. NOOR GUPTA		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF ASHNOOR TEXTILE MILLS LIMITED ONLY		
ISSUE OF UP TO 31,86,462 FULLY PAID-UP EQUITY SHARES OF THE FACE VALUE OF ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 20/- PER RIGHTS EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 10/- PER EQUITY SHARE) ("ISSUE PRICE"), AGGREGATING TO ₹ 637.29 <sup>(6)</sup> LAKHS ON A RIGHTS BASIS TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 RIGHTS EQUITY SHARES FOR EVERY 4 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, THAT IS, ON FRIDAY, APRIL 26, 2024 (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 111 OF THIS LETTER OF OFFER.		
WILLFUL DEFAULTER OR FRAUDULENT BORROWER		
Neither our Company, our promoters nor our directors are identified as willful defaulters or fraudulent borrowers. For further details, please refer "Other Regulatory and Statutory Disclosures" on page 107.		
GENERAL RISKS		
Investment in equity and equity-related securities involves a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of "Risk factors" given on page number 22 under the section 'General Risks'.		
ISSUER'S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Company and the issue which is material in the context of the issue, that the information contained in the Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The Equity Shares of our Company are listed on the BSE Limited ("BSE" or "Stock Exchange"). Our Company has received "In-principle" approval from BSE for listing the Rights Equity Shares to be allotted pursuant to this issue vide its letter dated April 16, 2024. Our Company will also make applications to the Stock Exchange to obtain its trading approval for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE Limited.		
REGISTRAR TO THE ISSUE		
	<b>LINK INTIME INDIA PRIVATE LIMITED</b> <b>Address:</b> C-101, 1 <sup>st</sup> Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai City, Maharashtra – 400083, India. <b>Telephone:</b> +91 8108114949; <b>E-mail:</b> <a href="mailto:ashnoortextile.rights2023@linkintime.co.in">ashnoortextile.rights2023@linkintime.co.in</a> <b>Investor grievance:</b> <a href="mailto:ashnoortextile.rights2023@linkintime.co.in">ashnoortextile.rights2023@linkintime.co.in</a> <b>Website:</b> <a href="http://www.linkintime.co.in">www.linkintime.co.in</a> <b>Contact Person:</b> Ms. Shanti Gopalakrishnan <b>SEBI Registration No:</b> INR000004058	
ISSUE SCHEDULE		
<b>ISSUE OPENS ON</b>	<b>LAST DATE FOR ON-MARKET RENUNCIATION*</b>	<b>ISSUE CLOSSES ON**</b>
<b>Tuesday, May 07, 2024</b>	<b>Monday, May 13, 2024</b>	<b>Thursday, May 16, 2024</b>

#Assuming Full Subscriptions

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

\*\*Our Board or Right Issue Committee will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (Thirty) days from the Issue Opening Date. Further, no withdrawal of the Application shall be permitted by any Applicant after the Issue Closing Date.

***THIS PAGE HAS BEEN LEFT BLANK PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA  
(ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.***

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

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

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

*The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in sections/chapters titled “Industry Overview”, “Summary of this Letter of Offer”, “Statement of Special Tax Benefits”, “Outstanding Litigation and Material Developments”, “Issue Related Information” and “Financial Information” on pages 61, 20, 54, 104, 39, and 93, respectively, shall have the meaning given to such terms in such sections.*

#### Company Related Terms

Terms	Descriptions
“Company”, “our Company”, “the Company”, “ATML”, “the Issuer”	Ashnoor Textile Mills Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at Behrampur, Khandsa Village, Gurgaon, Haryana-122001, India.
“we”, “us” or “our”	Unless the context otherwise indicates or implies, refers to our Company.
“Articles of Association”/ “Articles” / “AoA”	The Articles of Association of our Company, as amended from time to time.
“Associates”	With reference to any company, the associate of that company would mean any other company within the meaning of section 2(6) of the Companies Act, 2013.
“Audit Committee”	The Audit Committee of the Board of Directors of the Company constituted in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and Section 177 of the Companies Act, 2013.
“Board of Directors” / “Board”	The Board of Directors of our Company or a committee of Board of Directors duly constituted for the purpose of this Rights Issue thereof.
“Chairman”	The Chairman of our Company i.e., Mr. Suneel Gupta.
“Chief Financial Officer”/ “CFO”	Mr. Girish Singh Adhakari, the Chief Financial Officer of our Company.
“Company Secretary and Compliance Officer”	Ms. Yashima Saluja, the Company Secretary and Compliance Officer of our Company.

<b>Terms</b>	<b>Descriptions</b>
“Director(s)”	Any or all the directors on our Board, as may be appointed from time to time.
“Equity Shareholder”	A holder of Equity Shares of the Company.
“Equity Shares”	The equity shares of our Company, each having a face value of ₹ 10 each, unless otherwise specified.
“Executive Directors”	Executive Director(s) of our Company, unless otherwise specified.
“Financial Statements” or “Financial Information”	Collectively the Audited Financial Statements and the Limited Reviewed Financial Results, unless otherwise specified in context thereof.
“Key Managerial Personnel”/ “KMP”	Key management personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the chapter titled “ <i>Our Management</i> ” on page 88 of this Letter of Offer.
“Memorandum of Association” / Memorandum / “MoA”	The Memorandum of Association of our Company, as amended from time to time.
“Managing Director”	Managing Director of our Company i.e., Mr. Suneel Gupta.
“Nomination and Remuneration Committee”/ “NRC Committee”	The committee of the Board of Directors constituted in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013.
“Non-Executive and Independent Director”	Non-Executive and Independent Directors of our Company in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013, unless otherwise specified.
“Non-Executive Director”	Non-Executive Directors of our Company, unless otherwise specified.
“Promoter and Promoter Group”	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations.
“Promoter Group”	Unless the context requires otherwise, the individuals and entities forming part of our promoter group in accordance with Regulation 2(1) (pp) of the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time.
“Promoter”/ “Promoters”	Mr. Suneel Gupta, Ms. Sangeeta Gupta, Mr. Abhinav Gupta and Ms. Noor Gupta are the Promoters of our Company.
“Registered Office”	The Registered Office of our Company located at Behrampur, Khandsa Village, Gurgaon, Haryana – 122001, India.
“Registrar of Companies” / “ROC”	Registrar of Companies, National Capital & Territory of Delhi and Haryana, having its office at 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019, India.
“Right Issue Committee”	The committee of our Board of Directors constituted for the purpose of the Issue and incidental matters thereof, consisting of Mr. Suneel Gupta, Mrs. Sangeeta Gupta, Mr. Anil Aggarwal, Mr. Sanjay Arora, Ms. Divya Aggarwal as its members and Ms. Yashima Saluja, Company Secretary to the Committee.
“Shareholders”/ “Equity Shareholders”	Persons holding Equity Shares of our Company, unless otherwise specified in the context thereof.
“Statutory Auditors”/ “Auditor”	The current statutory auditors of our Company, being M/s. KSA & Co, Chartered Accountants.
“Stakeholders Relationship Committee”	The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the

<b>Terms</b>	<b>Descriptions</b>
	SEBI Listing Regulations and Section 178(5) of the Companies Act, 2013.

### Issue Related Terms

<b>Term</b>	<b>Description</b>
Abridged Letter of Offer or ALOF	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to this Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
Allot, Allotment or Allotted	Allotment of Rights Equity Shares pursuant to this Issue.
Allotment Accounts	The accounts opened with the Bankers to this Issue, into which the Application Money lying credit to the Escrow Account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Banks	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Account will be opened, in this case being, IndusInd Bank.
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment shall be made pursuant to this Issue.
Allottee(s)	Person(s) who shall be allotted Rights Equity Shares pursuant to the Allotment.
Applicant(s) or Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to this Issue in terms of this Letter of Offer.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount or ASBA	Application (whether physical or electronic) used by an investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB.
ASBA Account	Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application.

<b>Term</b>	<b>Description</b>
ASBA Applicant/ ASBA	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renounee) shall make an application for a rights issue only through the ASBA facility.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
Bankers to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue and the Banker(s) to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Bankers to the Issue	Collectively, the Escrow Collection Bank and the Allotment Account Banks.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in “ <i>Terms of the Issue</i> ” on page 111 of this Letter of Offer.
Consolidated Certificate	The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form.
Controlling Branches or Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a>
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited (BSE)
Eligible Equity Shareholders	Existing Equity Shareholders of our Company as on the Record Date, i.e., Friday, April 26, 2024.
Issue/Right Issue	This issue of up to 31,86,462 Equity Shares for cash at a price ₹ 20/- per Equity Share (including ₹ 10 premium per Equity Share) aggregating to ₹ 637.29# Lakh on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 1:4 (i.e., One (1) Equity Shares for every Four (4) fully paid-up Equity Shares) held by the Eligible Equity Shareholders as on the Record date i.e., Friday, April 26, 2024. #Assuming full subscription
Issuer Material	Collectively Abridged Letter of Offer, the Application Form and Rights Entitlement Letter.
Issue Closing Date	Thursday, May 16, 2024
Issue Opening Date	Tuesday, May 07, 2024



<b>Term</b>	<b>Description</b>
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 20/- (Rupees Twenty Only) per Rights Equity Share
Issue Proceeds / Gross Proceeds	Gross proceeds of this Issue.
Issue Size	Amount aggregating to up to ₹ 637.29 Lakh. <i>(Assuming full subscription)</i>
Letter of Offer/LOF	This Letter of Offer dated April 22, 2024, filed with the Designated Stock Exchange (BSE), and with SEBI for purposes of record keeping.
Net Proceeds	Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see " <i>Objects of the Issue</i> " on page 48 of this Letter of Offer.
Non-Institutional Bidders or NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stockbroker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before Monday, May 13, 2024.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being Friday, April 26, 2024 .
Registrar to the Issue or Registrar/ Registrar	Link Intime India Private Limited
Registrar Agreement	Agreement dated November 29, 2023, entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renouncee(s)	Any person(s) who, not being the original recipient has/have acquired the Rights Entitlement from the eligible equity shareholders on renunciation, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars.
Renunciation Period	The period during which the investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Monday, May 13, 2024, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Bidders(s)/Retail Individual Investor(s)/	An individual Investor (including a HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹ 200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI

<b>Term</b>	<b>Description</b>
RII(s)/RIB(s)	ICDR Regulations.
Rights Entitlements ISIN	ISIN for Rights Entitlement i.e., INE372I20018 .
Rights Entitlements	The right to apply for the Rights Equity Shares, being offered by way of this Issue, by an Investor, in accordance with the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, in this case being 1:4 (1 Rights Equity Share for every 4 Equity Shares) held by an Eligible Equity Shareholder, on the Record Date, excluding any fractional entitlements.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company.
Rights Equity Shareholders	A holder of the Rights Equity Shares, from time to time.
Rights Equity Shares	Equity shares of our Company to be allotted pursuant to this Issue
Self-Certified Syndicate Banks or SCSB(s)	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available at website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time.
Stock Exchange	The Stock Exchange where our Equity Shares are presently listed, being BSE.
Transfer Date	The date on which Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Accounts in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Willful Defaulter	Company or person, as the case may be, categorized as a willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulters issued by RBI and includes any company whose director or promoter is categorized as such.
Working Day(s)	Working day means all days on which commercial banks in Haryana are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Haryana are open for business.  Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

### Conventional terms or Abbreviations

<b>Terms</b>	<b>Descriptions</b>
₹/ Rs. / Rupees or INR	Indian Rupee.
A/c	Account
AGM	Annual General Meeting
AIF(s)	Alternative Investment Funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

<b>Terms</b>	<b>Descriptions</b>
Arbitration Act	Arbitration and Conciliation Act, 1996.
AS / Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India as notified under the Companies (Accounts) Rules, 2014
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
BSE	BSE Limited.
CDSL	Central Depository Services (India) Limited.
Central Government / Government of India/ GoI	Central Government of India.
CIN	Corporate Identification Number
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the rules made thereunder.
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with the rules made thereunder.
CS	Company Secretary
CSR	Corporate Social Responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
DIN	Director Identification Number.
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.
DP / Depository Participant	Depository Participant as defined under the Depositories Act.
DP ID	Depository Participant Identification.
DPIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, earlier known as Department of Industrial Policy and Promotion.
EBITDA	Profit for the year before finance costs, tax, depreciation, amortization and depletion expenses, exceptional items and other income as presented in the statement of profit and loss in the Financial Statements.
EGM	Extraordinary General Meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share.
ETF	Exchange Traded Fund
ESI Act	Employees' State Insurance Act, 1948
FDI	Foreign Direct Investment.
FDI Policy	The consolidated foreign direct investment policy notified by the DIPP (now DPIT) vide circular no. D/o IPP F. No. 5(1)/2017- FC-1 dated August 28, 2017 effective from August 28, 2017.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.

<b>Terms</b>	<b>Descriptions</b>
Financial Year / FY /Fiscal	Period of 12 months ended March 31 of that particular year.
Foreign Portfolio Investors /FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations, registered with SEBI under applicable laws in India.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
PFUTP Regulations	Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003.
FVCIs	Foreign Venture Capital Investors as defined in and registered with the SEBI, under the SEBI FVCI Regulations.
GDP	Gross Domestic Product.
Government	Central Government and/or the State Government, as applicable.
GST	Goods and Services Tax.
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards.
Income-tax Act	Income-tax Act, 1961.
Ind AS	Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
India	Republic of India.
Indian GAAP	Generally Accepted Accounting Principles followed in India.
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time.
IBC	Insolvency and Bankruptcy Code, 2016, as amended from time to time.
IPC	Indian Penal Code, 1860.
ISIN	International Securities Identification Number.
IT	Information Technology
Listing Agreement	Equity listing agreements entered into between our Company and the Stock Exchanges.
MCA	The Ministry of Corporate Affairs, Government of India.
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
N.A. / N/A	Not Applicable.
NACH	National Automated Clearing House.
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer.
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NR / NRs	Non-resident(s) or person(s) resident outside India, as defined under the FEMA.
NRE Account	Non-resident external account.
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management

<b>Terms</b>	<b>Descriptions</b>
	(Deposit) Regulations, 2016.
NRO Account	Non-resident ordinary account.
NSDL	National Securities Depository Limited.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003, and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PBT	Profit Before Tax
PAT	Profit After Tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	Reserve Bank of India.
RBI Act	Reserve Bank of India Act, 1934
REPO	Repurchase Agreement.
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement.
SAT	Securities Appellate Tribunal.
SCN	Show Cause Notice.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
SEBI Rights Issue Circulars	SEBI master circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, along with the SEBI circulars (read collectively), bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular

<b>Terms</b>	<b>Descriptions</b>
	bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended.
State Government	Government of a state of India.
Trademarks Act	Trademarks Act, 1999
TDS	Tax Deducted at Source
U. K.	United Kingdom
U.S. / USA / United States	United States of America, including the territories or possessions thereof.
VAT	Value Added Tax
VCFs	Venture Capital Funds, as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be.
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31.

## NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlements and the Rights Securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form, or the Rights Entitlement Letter may come, are required to inform themselves about the restrictions and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Securities is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issuer materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, SEBI, and the Stock Exchange.

Our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with the Stock Exchange. Accordingly, the Rights Entitlements and the Rights Securities may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter and any other offering materials or advertisements in connection with this Issue may not be distributed, in whole or in part, in or into any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

This Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter must be treated as sent for information only and should not be acted upon for subscription to Rights Securities and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter should not, in connection with the issue of the Rights Securities or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject the Company or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Application Form or Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Securities or the Rights Entitlements referred to this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter. The Company is not making any representation to any

person regarding the legality of an investment in the Rights Entitlements or the Rights Securities by such person under any investment or any other laws or regulations. No information in this Letter of Offer should be considered to be business, financial, legal, tax or investment advice.

Any person who makes an application to acquire Rights Entitlements and the Rights Securities offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Securities in accordance with the legal requirements applicable in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Securities will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Other Regulatory and Statutory Disclosures*" on page 107. Our Company, the Registrar, or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete, or acceptance of such Application Form may infringe applicable Legal or regulatory requirements and we shall not be bound to allot or issue any Rights Securities or Rights Entitlement in respect of any such Application Form.

Neither the delivery of this Letter of Offer nor any sale of Rights Securities hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Securities or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Securities or Rights Entitlements. In addition, neither our Company nor any of its affiliates is making any representation to any offeree or purchaser of the Rights Securities regarding the legality of an investment in the Rights Securities by such offeree or purchaser under any applicable laws or regulations.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for does not exceed the applicable limits under laws or regulations.

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

#### **NO OFFER IN THE UNITED STATES**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("**Regulation S**"), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in India and in jurisdictions where such offer and sale of the Rights Equity Shares and/ Or Rights Entitlements are permitted under laws of such jurisdictions, but not in the United States. The offering to which this Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as



a solicitation therein of an offer to buy any of the said securities or rights. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States.

Accordingly, this Letter of Offer / Abridged Letter of Offer, Entitlement Letter and Application Form should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Securities within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

We, the Registrar or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Rights Entitlements may not be transferred or sold to any person in the United States.

## **ENFORCEMENT OF CIVIL LIABILITIES**

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

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

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

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

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

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

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## **PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION**

### **Certain Conventions**

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

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

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

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

### **Financial Data**

Unless stated otherwise or unless the context requires otherwise, the financial data and financial ratios in this Letter of Offer is derived from the Audited Financial Statements of the Company. For details, see "*Financial Statements*" on page 93.

The GoI has adopted the Indian accounting standards ("Ind AS"), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board ("IFRS") and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the "Ind AS Rules"). We have prepared our Financial Statements in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 and Regulation 33 of SEBI Listing Regulations, as amended. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Our Fiscal commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "Financial Year" or "FY" are to the 12 months period ended on March 31 of that year.

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

### **Market and Industry Data**

Unless stated otherwise, market and industry data used in this Letter of Offer has been obtained or derived from publicly available information, industry publications and sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy, adequacy, completeness, reliability or underlying assumption are not guaranteed. Similarly, industry forecasts and market research and industry and market data used in this Letter of Offer, while believed to be

reliable, have not been independently verified by our Company or its respective affiliates and neither our Company nor its respective affiliates make any representation as to the accuracy of that information. Accordingly, investors should not place undue reliance on this information.

### **Non-GAAP measures**

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like net worth, return on net worth, net asset value per equity share, ratio of non-current borrowings (including current maturities) / total equity, ratio of total borrowings/ total equity and Earnings before interest, tax, depreciation and amortization (“EBITDA”) have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Indian GAAP.

### **Currency of Presentation**

In this Letter of Offer, references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million and ‘billion / bn./ Billions’ means ‘one hundred crores.

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## FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology including 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target' or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements may include planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Letter of Offer that are not historical facts.

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

- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- The performance of the Textile market in India and globally;
- Any failure or disruption of our information technology system;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Our ability to maintain and enhance our brand image;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section "*Risk Factors*" on page 22.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Letter of Offer are

based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer and our Company has not undertaken any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with the SEBI ICDR Regulations, the Company will ensure that investors are informed of material developments from the date of this Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

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## SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer 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 Letter of Offer, including the chapters, “*Objects of the Issue*”, “*Outstanding Litigation and Other Defaults*” and “*Risk Factors*” on pages 48, 104 and 22 respectively.

### 1. Primary Business of our Company

The Company is engaged in supply of terry towels to medium to large size hotel chains. Our Company is primarily engaged in manufacturing terry towels to cater to the hospitality industry. It also manufactures colored towels as per the demand in the targeted market and all activities of the Company revolve around this main business as a single unit. Further, there are no geographical segments as all the operations of the Company are in India only. As on June 30, 2023, our Company has produced over 845 tons of terry towels. The Company constantly strives towards maintaining high sets of standards in all areas, whether be in combing the yarn or shipping towels overseas. More than 90% of the export sales are to USA. For further details, please refer to the chapter titled “*Our Business Overview*” on page 77 of this Letter of Offer.

### 2. Object of the Issue

The Net Proceeds are proposed to be utilized as follows:

(₹ in Lakhs)	
Particulars	Amount
Adjustment of unsecured loans against the entitlement of the promoters of the Company.	463.10
General Corporate Purposes.*	144.19
<b>Net Proceeds from the Issue**</b>	<b>607.29</b>

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

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

For further details, please see the chapter titled “*Objects of the Issue*” on page 48.

### 3. Intention and extent of participation by the Promoter and Promoter Group

Our Promoter and Promoter Group have vide letters dated October 01, 2023 (the “**Subscription Letters**”), have undertaken to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favor by any other Promoters or member(s) of the Promoter Group of our Company. Further, our Promoter and Promoter Group, intend to apply for and subscribe to additional Rights Securities, and any such subscription for Rights Securities shall be over and above our Rights Entitlement, subject to compliance with the minimum public shareholding requirements as prescribed under the SCRR and the SEBI Listing Regulations and other applicable laws and not resulting in the minimum public shareholding of our Company falling below the level prescribed in SEBI Listing Regulations and SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to

comply with the minimum public shareholding requirements pursuant to the Issue.

#### 4. Summary of outstanding litigations

A summary of material outstanding legal proceedings involving our Company, as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below:

Name	By/Against	Civil Proceedings	Criminal Proceedings	Tax Proceedings	Actions by regulatory authority	Amount Involved (₹ Lakhs)
Company	By	2	-	-	-	235.28
	Against	1	-	-	-	22.05
Promoter	By	-	-	-	-	-
	Against	-	-	-	-	-
Group Companies/Entities	By	-	-	-	-	-
	Against	-	-	-	-	-
Directors other than promoters	By	-	-	-	-	-
	Against	-	-	-	-	-

For further details, please see the chapter titled “*Outstanding Litigations and Other Defaults*” beginning on page 104.

#### 5. Risk Factors

For details of the risks associated with our Company, please see the section titled “*Risk Factors*” beginning on page 22.

#### 6. Contingent liabilities

There are no contingent liabilities in the Company as on September 30, 2023.

#### 7. Related Party Transactions

For details of related party transactions please see Note No. 47 on Page F35 under the section titled “*Financial Information*” beginning on page 93.

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

Our Company has not issued any Equity Shares for consideration other than cash during the last one year immediately preceding the date of this Letter of 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 Letter of Offer, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. The risks described below are relevant to the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled 'Our Business Overview' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' beginning on page numbers 77 and 96, respectively, of the Letter of Offer as well as the other financial and statistical information contained in the Letter of Offer.*

*If any one or more of the following risks as well as other risks and uncertainties discussed in the Letter of Offer were to occur, our business, financial condition and results of our operation could suffer material adverse effects and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.*

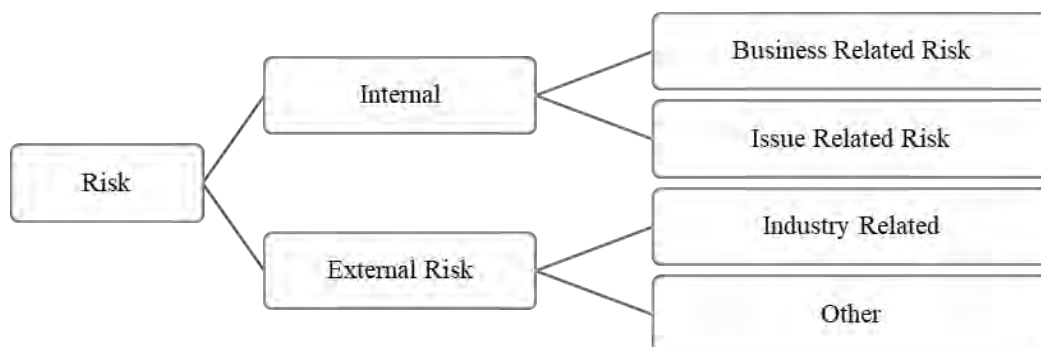
*The Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in the Letter of Offer. These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.*

### Materiality

The Risk factors have been determined on the basis of their materiality, which has been decided on the basis of following factors:

1. Some events may not be material individually but may be material when considered collectively.
2. Some events may have an impact which is qualitative though not quantitative.
3. Some events may not be material at present but may have a material impact in the future.

### Classification of Risk Factors



## Internal Risks

- Our Company is involved in certain legal proceedings. Any adverse decision in such proceedings may cause monetary losses to the Company.***

Our Company is currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various levels with concerned judicial bodies. The summary of outstanding litigation as on date in relation to criminal matters, tax matters and actions by regulatory/statutory authorities against our Company, Directors and Promoter, as applicable, have been set out under “*Outstanding Litigation and Defaults*” on page 104.

A summary of material outstanding legal proceedings as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below:

Name	By/Against	Civil Proceedings	Criminal Proceedings	Tax Proceedings	Actions by regulatory authorities	Amount Involved (₹ Lakhs)
Company	By	2	-	-	-	235.28
	Against	1	-	-	-	22.05
Promoter	By	-	-	-	-	-
	Against	-	-	-	-	-
Group Companies/Entities	By	-	-	-	-	-
	Against	-	-	-	-	-
Directors other than promoters	By	-	-	-	-	-
	Against	-	-	-	-	-

Adverse decisions in any of the aforesaid outstanding legal proceedings may have a material adverse effect on our business, financial condition, cash flows and results of operations. If the courts or tribunals rule against our Company, we may face monetary and/or reputational losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities.

- Basic raw material for our Company is cotton, which is a cyclical crop and depends upon a lot of natural factors.***

Any abrupt climatic changes, thereby hampering the cotton crop production in the country, may affect the Company’s production capacities. Any increase in cotton prices may have an adverse effect on our business and a consequent negative impact on our business, financial condition and results of operations. For example, if the price of cotton increases and we are not able to increase the price of our towels manufactured by us, then the margins for our towel business will be reduced. Any material shortage or interruption in the domestic supply or deterioration in quality of cotton due to natural causes or other factors could result in increased costs that we may not be able to pass on to customers.

Further, the failure of our suppliers to deliver cotton in the necessary quantities or as per the required schedule, of a specified quality/ standard/ specification, may adversely affect our production processes thereby giving rise to contractual penalties or liabilities, loss of customers and/ or an adverse effect on our reputation, which may in turn result in a material adverse effect on our business, financial condition and results of operations. Additionally, a material shortage in supply of cotton could result in the failure

to meet our sales obligations, which may in turn result in a loss of revenue, customers and cash flows.

- 3. Our business is dependent on our manufacturing facilities, and we are subject to certain risks in our manufacturing process. Any unscheduled, unplanned or prolonged disruption of manufacturing operations or shutdown of our manufacturing facilities may have a material adverse effect on our business, financial condition and result of operations.***

Our business is dependent on our ability to manage our manufacturing operations, which are subject to various operating risks and factors including, among others, breakdown and/or failure of equipment or industrial accidents which may entail significant repair and maintenance costs, increases in raw materials, consumables and manpower costs, challenges in achieving targeted utilization levels at our manufacturing facilities, product quality issues, disruption in electrical power or water resources, timely grant or renewal of approvals, severe weather conditions, natural disasters and outbreaks of infectious diseases, natural calamities, labor disputes, civil disruptions and changes in the regulations and policies of the states or local governments where our manufacturing facilities are located. Although we have not experienced any material instances of such disruptions, we cannot assure you that we will not be subject to these risks in the future. Any of the foregoing could cause delays in our operations or require us to shut down the affected manufacturing facility.

In addition, we may also be subject to manufacturing disruptions due to delays in receiving regulatory approvals, which may require our manufacturing facilities to cease or limit production until the required approvals are received, or disputes concerning these approvals are resolved. Any material disruption at our manufacturing facilities, including but not limited to power failure, fire, strikes, lockouts and unexpected mechanical failure of equipment, could reduce our ability to meet the conditions of our business contracts and earnings for the affected period. Although we have not experienced such material disruptions in the past, we cannot assure you that our manufacturing facilities will be able to operate smoothly in the future. In addition, if we are unable to obtain raw materials and equipment on commercially acceptable terms, or at all, or if our third-party suppliers fail to deliver the raw materials and equipment to us within a reasonable stipulated time, it could lead to disruptions, slowdown or shutdown of operations at our manufacturing facilities and R&D centers. Our inability to effectively respond to any such disruption, slowdown or shutdown, and rectify any disruption in a timely manner and at an acceptable cost, could result in us being unable to satisfy our contractual commitments, which could have an adverse effect on our business, financial condition, cash flows and results of operations.

- 4. We do not have long term contracts with our customers.***

We have not executed any long-term contracts with our domestic or international customers. Our sales are based on purchase orders that are placed by our customers depending on their requirements, with typical delivery periods ranging from one to three months. In the absence of long-term contracts, there can be no assurance that a particular customer will continue to source their supplies from us in the future. A reduction in the purchase orders placed by the customers may adversely affect our business and revenues; and may require us to shift to different markets and/or look for alternative buyers. Further, any loss of our major customers arising out of competition or from cheaper sources can lead to reduced margins and our results and operations may be affected.

- 5. Our failure to accurately forecast and manage inventory could result in an unexpected shortfall and/or surplus of products, which could have a material adverse impact on our profitability.***

We monitor our inventory levels based on our projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we make production decisions well in advance of sales for some of our products. An inaccurate forecast of demand may result in unavailability/surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively impact cash flow, reduce the quality of inventory, erode margins substantially due to writing down of inventory cost from its carrying value to the net realizable value. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

**6. *Our indebtedness, including various conditions and restrictions imposed on us by our financing agreements, could adversely affect our ability to react to changes in our business, and we may be limited in our ability to use debt to fund future capital needs.***

As of June 30, 2023, our long-term borrowings (including installments due within one year) amounted to ₹ 3,000.51 Lakhs. Our substantial indebtedness could:

- require us to dedicate a substantial portion of our cash flow from operations to payments in respect of our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate expenditures;
- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, competition and/or changes in our business or our industry;
- limit our ability to borrow additional funds;
- restrict us from making strategic acquisitions, introducing new products or services or exploiting business opportunities; and
- place us at a competitive disadvantage relative to competitors that have less debt or greater financial resources.

We cannot guarantee that we will be able to generate enough cash flow from operations or that we will be able to obtain enough capital to service our debt or fund our planned capital expenditures. In addition, adverse changes in the business conditions affecting us could cause the amount of refinancing proceeds to be insufficient to meet our interest payments or fully repay any existing debt upon maturity and we may be unable to fund the payment of such shortfalls. If we cannot obtain alternative sources of financing or our costs of borrowings become significantly more expensive, then our financial condition and results of operations will be adversely affected.

Moreover, the agreements governing certain of our debt obligations include terms that, in addition to certain financial covenants, which, amongst others, restrict our ability to make capital expenditures and investments, declare dividends, effect a scheme of amalgamation or reconstitution, alter our constitutional documents, undertake new projects, change our management and board of directors, modify our promoter/ promoter group shareholding, and modify our capital structure. Any failure on our part to comply with these terms in our loan agreements would generally result in events of default under these loan agreements. In such a case, the lenders under each of these respective loan agreements may, at their discretion, accelerate payment and declare the entire outstanding amounts under these loans due and payable, and in certain instances, enforce their security which has been constituted over various assets and take possession of those assets, which could adversely affect our liquidity and materially and adversely affect our business and operations. In addition, to the extent that we cannot make payments on

accelerated amounts, such non-payment could result in the cross default and/or cross-acceleration of some or all our other outstanding indebtedness, and payment of penalty interest, which could likewise adversely affect our liquidity and materially and adversely affect our business, operations and financial conditions.

**7. *Our Company has availed certain unsecured loans which are repayable on demand.***

Our Company has availed certain unsecured loans in the ordinary course of business amounting to ₹ 932.59 Lakh as on June 30, 2023, which is repayable on demand. In the event that these lenders seek a repayment of such loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to procure such financing, any such demand may materially and adversely affect our business, cash flows, financial condition and results of operations.

**8. *Any inability on our part to comply with prescribed technical specifications and standards of quality in connection with our products could adversely impact our operations and profitability.***

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities as well as some of our customers that enable us to be eligible to participate in orders. Further, we are required to adhere to stringent contractual technical specifications and standards, and our customers may require our manufacturing facilities and products to be pre-approved and/or accredited by various agencies before placing orders for our products. If we fail to adhere to the aforesaid requirements or changes thereto in a timely manner, or at all, our cash flows, operations and/or profitability could be adversely affected. Our top customers may vary from period to period depending on order bookings. Our business and results of operations will be adversely affected if we are unable to develop and maintain a continuing relationship or pre-qualified status with our key customers.

**9. *Our operations are subject to high working capital finance requirements. Our inability to obtain and/or maintain sufficient cash flow, credit facilities and other sources of funding, in a timely manner, or at all, to meet our requirement of working capital or pay our debts, could adversely affect our operations, financial condition and profitability.***

We require substantial amounts of working capital for our business operations, and the failure to obtain required working capital on attractive terms or at all, may materially and adversely affect our growth prospects and future profitability. We require substantial capital to maintain and operate our production facilities.

Our total working capital debt as of June 30, 2023, amounting to Rs. 4,102.23 Lakh. We rely on debt financing to meet our working capital requirements. We cannot assure that we will be able to raise additional debt in a timely manner or on acceptable terms in the future to finance our working capital, and this may materially and adversely affect our business.

**10. *Our Company has not registered the logo and the tradename that we use. Our ability to use the logo may be impaired if the same is not registered under our name.***

We have not registered the logo and the tradename of our Company which we use although. The registration for the said trademark in our name is important to retain our brand equity. If we do not

register our trademark, we may lose the statutory protection available to us under the Trade Marks Act, 1999 for such trademark. We are unable to assure that the future viability or value of any of our intellectual property. Our Company's business may be affected due to our inability to protect our existing and future intellectual property rights.

**11. *Changes in technology may affect our business by making our manufacturing facilities or equipment less competitive.***

Our profitability and competitiveness are in large part dependent on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. Changes in technology may make newer generation manufacturing equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our manufacturing facilities. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging industry standards and practices in a cost-effective and timely manner that is competitive with other textile manufacturing companies and other methods of manufacturing. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will be able to successfully implement new technologies or adapt our processing systems to customer requirements or emerging industry standards. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

**12. *Any prolonged business interruption at our manufacturing facilities could have a material adverse effect on the results of our operations and profitability.***

Any material interruption at our manufacturing facilities, including but not limited to power failure, fire and unexpected mechanical failure of equipment's and pandemic conditions could reduce our ability to meet the conditions of our contracts and earnings for the affected period. Irregular or any interruption in supply of power or water are factors that could adversely affect our daily operations. If there is an insufficient supply of electricity or water to satisfy our requirements, we may need to limit or delay our production, which could adversely affect our business, financial condition, and results of operations. We cannot assure you that we will always have access to sufficient supplies of electricity in the future to accommodate our production requirements and planned growth. Similarly, there is no assurance that those of our manufacturing facilities unaffected by an interruption will have the capacity to increase their output to manufacture products for the affected manufacturing facilities, to the extent that all outstanding orders will be fulfilled in a timely manner. In the event of prolonged interruptions in the operations of our manufacturing facilities, we may have to procure various supplies and products to meet our production requirements, which could affect our profitability.

**13. *Export destination countries may impose varying duties or enter into free trade agreements with countries other than India. Any increase in such duties or the entry into free trade agreements with countries other than India may materially adversely affect our business, financial condition, and results of operations.***

Our revenues from exports amounted to Rs. 13,784.42 Lakhs in Fiscal 2022-23 and Rs. 1,932.81 Lakh for the quarter ended on June 30, 2023, which represented approximately 77.90% and 60.82% of our revenues from operations for the respective periods. The destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such destination countries will not increase. Any change or increase in such duties 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 may place us at a competitive disadvantage compared to manufacturers in other countries and may adversely affect our business, financial condition, and results of operations. Further, adverse changes in import policies in countries to which we export our products may have a particularly significant adverse impact on our business, financial condition, and results of operations.

**14. *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.***

We face huge competition in our industry from the existing players and new entrants. If there is a change in trend, then it may put pressures on pricing, product quality, turnaround time, order size etc., which may put strain on our profit margins. Failure to compete with producers of man-made fiber may have adverse effect on our business, financial condition, and results of operations.

**15. *In the event we fail to accurately forecast demand for our products, and accordingly manage our inventory or plan capacity expansions, it may have an adverse effect on our business, cash flows, financial condition and results of operations.***

We maintain a level of inventory of raw materials, work in progress and finished goods. We plan our production volumes based on our forecast of the demand for our products. Any error in forecasting could result in surplus stock which would have an adverse effect on our profitability. As of June 30, 2023, work in progress, our inventory of raw materials and finished goods (including traded goods) amounted to ₹ 4,007.07 Lakh. Our high level of inventory increases the risk of loss and storage costs to us as well as increasing the need for working capital to operate our business. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, cash flows, financial condition and results of operations.

**16. *We are dependent on third party transportation providers for the supply of raw materials and delivery of our products.***

As a manufacturing business, our success depends on the smooth supply and transportation of the various raw materials required at our manufacturing units and of our products from manufacturing units to our customers, both of which are subject to various uncertainties and risks. We use third party transportation providers for the supply of most of our raw materials and delivery of our products to domestic and overseas customers. Transportation strikes have had in the past, and could again have in the future, an adverse effect on supplies and deliveries to and from our customers and suppliers. In addition, raw materials, and products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of raw materials and products which may also affect our business and results of operation negatively. Failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition, and results of operations.

**17. *Under-utilization of our manufacturing capacities could have an adverse effect on our business and financial performance.***

Our capacity utilization is affected by the availability of raw materials, industry / market conditions as

well as by the product requirements of, and procurement practice followed by, our customers. In the event that we are unable to procure sufficient raw materials and procure sufficient demand, we would not be able to achieve full capacity utilization of our current manufacturing facilities, resulting in operational inefficiencies which could have a material adverse effect on our business and financial condition. Further, we have made certain investments for the expansion of our manufacturing capacities. The success of any capacity expansion and expected return on investment on capital invested is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise and utilize the expanded capacities as anticipated. In case of oversupply in the industry or lack of demand, we may not be able to utilize our expanded capacity efficiently.

Our Company's overall capacity utilization is dependent on various factors, including demand for our products, availability of raw materials, customer preferences, our ability to manage our inventory and implement our growth strategy of improving operational efficiency. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, could materially and adversely impact our business, growth prospects and future financial performance.

18. ***Inconsistent product quality could lead to customer dissatisfaction, hampering reputation, sales and business which may materially and adversely affect our business and prospects.***

We face business risks relating to our products not meeting the customer's technical specifications or the required quality standards. We have prescribed stringent quality checks and continue to improve its resource utilization and minimize in-process rejections by leveraging quality tests across all manufacturing facilities. We are focused on improving quality systems and their effectiveness to lessen the incidence of such risks and simultaneously improving its operational efficiencies. However, there can be no assurance that there could still not be some deviation from prescribed quality standards due to factors such as human error. Despite putting in place strict quality control procedures we cannot assure that our products will always be able to satisfy our clients/customer's quality standards. Any negative publicity regarding our Company, or products, including those arising from any deterioration in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation and our operations. Introduction of new products or for any other reason, any failure on our part to meet our customers' expectation could adversely affect our business, result of operations and financial condition. Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once our products are delivered to our customers. In case our products do not meet the customer, requirements or fails to adhere to the technical specifications or quality standards, our customers may cancel the order. Any such cancellation by our customers may adversely affect our reputation and brand image, which could adversely affect our business, results of operations and financial condition.

19. ***We are dependent on our senior management and other key personnel as well as certain intermediaries, and the loss of, or our inability to attract or retain, such persons could adversely affect our business, results of operations, financial condition, and cash flows.***

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by our Company. For further information of our key management personnel, refer



chapter “*Our Management*” on page 88. There can be no assurance that these individuals or any other member of our senior management team will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, financial condition, and cash flows.

- 20. *We require various licenses and approvals for undertaking our business and if we fail to obtain, maintain, or renew our statutory and regulatory licenses, permits and approvals required to operate our business, our business and results of operations may be adversely affected.***

Our operations are subject to government regulations, and we are required to obtain and maintain several statutory and regulatory permits, approvals, and consents under central, state, and local government rules in India, generally for carrying out our business and for each of our manufacturing facilities. The introduction of additional government control or newly implemented laws and regulations, depending on the nature and extent thereof and our ability to make corresponding adjustments, may adversely affect our business, results of operations and financial condition. In particular, decisions taken by regulators concerning economic policies or goals that are inconsistent with our interests could adversely affect our results of operations. These laws and regulations and the way in which they are implemented and enforced may change from time to time and there can be no assurance that future legislative or regulatory changes will not have an adverse effect on our business, financial condition, cash flows and results of operations.

Further, certain approvals for our manufacturing facilities are required to be applied or renewed on an ongoing basis. The approvals required by us are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business. In case we fail to comply with these requirements, or a regulator alleges we have not complied with these requirements, we may be subject to penalties and compounding proceedings.

- 21. *If we are unable to successfully execute our growth strategies, our business prospects, and results of operations could be materially and adversely affected.***

We propose to expand our business by adopting a series of strategies. Our growth depends on our ability to expand our market share and our inability to do so may adversely affect our growth prospects. Our growth strategies could place significant demand on our management and our administrative, operational, and financial infrastructure. We could also encounter difficulties and delays in executing our growth strategies due to several factors, including, without limitation, delays in implementation, lack of appropriate infrastructure, unavailability of human and capital resources, or any other risks that we may or may not have foreseen. Our management may also change its view on the desirability of current strategies, and any resultant change in our strategies could put significant strain on our resources. Further, we may be unable to achieve any synergies or successfully integrate any acquired business into our portfolio. Any business that we acquire may subject us to additional liabilities,

including unknown or contingent liabilities, liabilities for failure to comply with laws and regulations, and we may become liable for the past activities of such businesses.

**22. *If we are unable to collect our dues and receivables from our customers, our results of operations and cash flows could be materially and adversely affected.***

Our business depends on our ability to successfully obtain payment from our customers of the amount they owe us for the products delivered in timely manner. Our Company generally extends the benefit of a credit period of up to 120 days to its customers, however, the same is not uniform and it varies on a case-to-case basis. Our average credit cycle has been 103 days in Fiscal 2023.

We cannot assure you that we will be able to accurately assess the creditworthiness of our customers. Macroeconomic conditions could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency, or bankruptcy. Such conditions could cause customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, cause us to enter into litigation for non-payment, all of which could increase our receivables. If we are unable to meet our contractual obligations, we might experience delays in the collection of, or be unable to collect, our customer balances, and if this occurs, our results of operations and cash flows could be adversely affected. In addition, if we experience delays in billing and collection for our products, our cash flows could be adversely affected. Any significant decrease in or discontinuation of products manufactured from our products by customers in the industry or other industries from which we derive significant revenues in the future may reduce the demand for our products.

**23. *Wage pressures and increases in operating costs in India may prevent us from sustaining our competitive advantage and may reduce our profit margins.***

Wage costs and operating costs have historically been significantly lower in India than wage costs and operating costs in the United States, Europe, and other developed economies; and these reduced costs have been one of the sources of our competitive strengths. However, any increase in wage and operating expense in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the developed economies, which could result in increased employee benefit expenses. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Compensation increases manifest a hike in operational costs which may result in a material adverse effect on our business and financial condition and result of operations.

**24. *We are subject to export and import controls that could adversely impact our business.***

We are subject to export and import control laws that limit us to where and to whom we can sell our products which could result in postponements or cancellations of product orders. In addition, various countries have enacted laws that could limit our ability to distribute our products or could limit our customers' ability to implement our products in those countries. Changes in our products or changes in export and import regulations may create delays in the introduction of our products in international markets, prevent our customers with international operations from deploying our products throughout their global systems or, in some cases, prevent the export or import of our products to certain countries altogether. Any change in export or import regulations or related legislation, shift in approach to the enforcement or scope of existing regulations, or change in the countries, persons or technologies targeted by such regulations, could result in decreased use of our products by, or in our decreased ability

to export or sell our products to, existing or potential customers with international operations. Delays caused by our compliance with regulatory requirements in obtaining or maintaining any regulatory approvals that may, in the future, be required to operate our business could materially affect our business and operating results. We may also be unable to secure raw materials components or software for our capital equipment due to export control laws, as a result of which, our supply chain may be disrupted and we may be unable to provide our products to customers, which can result in a loss of business for us.

**25. *Our operations could be adversely affected by strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

As of June 30, 2023, we have employed 296 personnel across our operations. Although we have not experienced any material labor unrest in the past, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labor unrest directed against us, could directly or indirectly prevent, or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

**26. *Our insurance coverage may not be adequate, and this may have an adverse effect on our business and revenues.***

We could face liabilities for accidents that occur at our manufacturing facilities or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of coverage include standard fire and special perils insurance policy, money insurance policy and burglary insurance policy.

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 honored fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance, exceeds our insurance coverage where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial performance could be adversely affected.

**27. *Compliance with, and changes in, environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures may adversely affect our cash flows, business results of operations and financial condition.***

Our operations are subject to environmental, health and safety and other regulatory and/ or statutory requirements in the jurisdictions in which we operate. Our operations may generate pollutants and waste, some of which may be hazardous. We are accordingly subject to various national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the

discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. We cannot assure you that compliance with such laws and regulations will not result in a material increase in our costs or otherwise have an adverse effect on our financial condition, cash flows and results of operations. Further, manufacturing activities in India are also subject to various health and safety laws and regulations as well as laws and regulations governing their relationship with their respective employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring, and terminating employees and work permits. Accidents, in particular fatalities, may have an adverse impact on our reputation and may result in fines and/or investigations by public authorities as well as litigation from injured workers or their dependents. Non-compliance with these laws and regulations, which among other things, limit or prohibit emissions or spills of toxic substances produced in connection with our operations, could expose us to civil penalties, criminal actions, and revocation of key business licenses. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management. As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition.

- 28. *Industry information included in this Letter of Offer has been derived from a publicly available information. There can be no assurance that such third- party statistical, financial, and other industry information is complete, reliable or accurate.***

We have not independently verified data obtained from industry publications and other external sources referred to in this Letter of Offer and therefore, while we believe them to be accurate, complete, and reliable, we cannot assure you that they are accurate, complete, or reliable. Such data may also be produced on different bases. Therefore, discussions of matters relating to India, its economy, the textile industry, are subject to the caveat that the statistical and other data upon which such discussions are based may be inaccurate, incomplete, or unreliable. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable, but their accuracy, adequacy or completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government sources and publications are also prepared on the basis of information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions that may prove to be incorrect. Accordingly, no investment decision should be made on the basis of such information.

- 29. *The deployment of funds raised through this Issue shall not be subject to monitoring by any monitoring agency and shall be purely dependent on the discretion of the management of our Company.***

Since the size of the Issue is less than ₹10,000 lakhs, no monitoring agency is required to be appointed by our Company to oversee the deployment of funds raised through this Issue. The deployment of funds raised through this Issue, is hence, at the discretion of the management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. The Board of Directors of our Company through Audit Committee will monitor the utilization of the Issue proceeds. Any inability

on our part to effectively utilize the Issue proceeds could adversely affect our business and financial condition.

## ISSUE SPECIFIC RISKS

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

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

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

In accordance with the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow de-mat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their de-mat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their de-mat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their de-mat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018, issued by the SEBI, with effect from April 01, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

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

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and the Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue.

Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the

Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 111.

- 33. *Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares.

The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

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

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

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

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

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

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

such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

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

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

**38. *Negative public opinion could damage our reputation and adversely affect our earnings.***

Reputation risk, or the risk to our business, earnings and capital from negative public opinion, is inherent in our business. Negative public opinion can result from our actual or alleged conduct in any number of activities including but not limited to corporate governance, and actions taken by government regulators and community organizations in response to those activities. Negative public opinion can also result from media coverage, whether accurate or not. Negative public opinion can adversely affect our ability to attract and retain customers, trading counterparties and employees and can expose us to litigation and regulatory action. Although we take steps to minimize reputation risk in dealing with our customers and communities, this risk will always be present in our organization.

**External Risks**

**39. *Our business is affected by prevailing economic, political, and other prevailing conditions in India and the markets we currently service.***

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

**40. *We face substantial competition in the textile business, both from Indian and international companies, which may adversely affect our revenues.***

We face significant competition from existing players and potential entrants in the Indian textile industry. The Indian textile industry is highly competitive. We face competition mainly from large vertically integrated and diversified companies as well as new companies. Some of our international competitors are larger than us and have greater financial resources. Additionally, we work closely with both our suppliers and our customers in the textile industry. If such a supplier or customer considers backward or forward integrating and diversifying their operations, this may not only result in the loss of such supplier and/or customer, but will also result in increased competition. Increased competition could result in price reductions, decreased sales, lower profit margins or losses in market share, any of which could have an adverse effect on our business, results of operations and financial condition.

**41. *Export destination country may impose varying duties or enter into free trade agreements with countries other than India.***

Any increase in such duties or the entering into free trade agreements with countries other than India may materially and adversely affect our business, financial condition and results of operations. There can be no assurance that the duties imposed by such country will not increase. Additionally, export destination country may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of any existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries and could adversely affect our business, financial condition and results of operations. Further, changes in import policies in the country to which we export our products may have a significant adverse impact on our business, financial condition and results of operations.

**42. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.***

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

**43. *Terrorist attacks, civil disturbances, regional conflicts, and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy, the health of which our business depends on.***

India has from time to time experienced social and civil unrest and terrorist attacks. These events could lead to political or economic instability in India. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. India has also experienced social unrest, Naxalite



violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition, and trading price of our Equity Shares.

**44. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations may adversely affect our business results of operations, cash flows and financial performance.***

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation, and implementation of any amendment to, or change to governing laws, regulation, or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition, and financial performance. Further, changes in capital gains tax or tax on capital market transactions or sale of shares may affect investor returns.

\*\*\*\*\*

## SECTION III: INTRODUCTION

### THE ISSUE

This Issue has been authorized by a resolution passed by our Board at its meeting held on Friday, July 21, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Further, the Board of Directors in their meeting held on August 14, 2023 has resolved to issue Rights Equity Shares to the Eligible Equity Shareholders at an Issue Price of ₹ 20/- per Rights Equity Share, in the ratio of 1:4 i.e., 1 (One) Rights Equity Shares for every 4 (Four) Equity Shares, as held on the Record Date i.e., Friday, April 26, 2024. The following is a summary of the Issue and should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section “*Terms of the Issue*” on page 111 of this Letter of Offer.

<b>Rights Equity Shares being offered by our Company</b>	Up to 31,86,462* Equity Shares
<b>Rights Entitlement for the Rights Equity Shares</b>	1 Rights Equity Shares for every 4 fully paid-up Equity Shares held as on the Record Date
<b>Record Date</b>	Friday, April 26, 2024
<b>Issue Price per Rights Equity Share</b>	₹ 20/- (Rupees Twenty Only)
<b>Face Value per Rights Equity Share</b>	₹ 10/- (Rupees Ten Only)
<b>Dividend</b>	Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, as per applicable law.
<b>Issue Size</b>	Up to ₹ 637.29 Lakhs
<b>Equity Shares outstanding prior to the Issue</b>	1,27,45,849 Equity Shares
<b>Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares) and having made fully paid-up</b>	1,59,32,311 Equity Shares
<b>Security Codes for our Equity Shares, Rights Equity Shares and Rights Entitlements<sup>#</sup></b>	<b>ISIN:</b> INE372I01018 <b>BSE CODE:</b> 507872 <b>ISIN for Rights Entitlement:</b> INE372I20018
<b>Terms of the Issue</b>	See “ <i>Terms of the Issue</i> ” on page 111
<b>Use of Issue Proceeds</b>	See “ <i>Objects of the Issue</i> ” on page 48
<b>Terms of payment</b>	See the table below

\*Assuming full subscription. Subject to finalization of the Basis of Allotment.

#### Terms of payment

The full amount of the Issue Price being ₹ 20/- (including the Premium of ₹10/-) will be payable on application.

<b>Due Date</b>	<b>Amount payable per Rights Equity Share (including premium)</b>
On the Issue application (i.e., along with the Application Form)	₹ 20/-

## GENERAL INFORMATION

Our Company was originally incorporated as Gupta Carpets Udyog Limited under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on January 21, 1984. Subsequently the name of our Company was changed from “Gupta Carpets Udyog Limited” to “GCUL Limited” and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on July 11, 1995. Thereafter the name of our Company was subsequently changed from “GCUL Limited” to “Ashnoor Textile Mills Limited” and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on April 29, 1999. The Registered office of our Company was shifted on October 24, 1996 to Behrampur, Khandsa Village, Gurgaon, Haryana - 122001, India.

### Registered Office

#### ASHNOOR TEXTILE MILLS LIMITED

Behrampur, Khandsa Village, Gurugram, Haryana – 122001, India

**Telephone No.:** 0124-4809755 | **Fax:** NA

**Email:** [accounts@ashnoortex.com](mailto:accounts@ashnoortex.com) | **Website:** [www.ashnoortex.com](http://www.ashnoortex.com)

**CIN:** L17226HR1984PLC033384

### Registrar of Companies:

Our Company is registered with the Registrar of Companies, National Capital and Territory of Delhi and Haryana, situated at the following address:

**Address:** 4<sup>th</sup> Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019, India

**Telephone:** 011-26235707, 26235708, 26235709

**Fax:** 011-26235702; **E-mail:** [roc.delhi@mca.gov.in](mailto:roc.delhi@mca.gov.in)

### Board of Directors of our Company

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

Name	Designation	DIN	Address
Mr. Suneel Gupta	Managing Director	00052084	W-3/1, Western Avenue, 79-A Sainik farms, Pushpa Bhawan, South Delhi– 110062, India
Dr. (Mrs.) Sangeeta Gupta	Whole Time Director	00052121	W-3/1, Western Avenue, 79-A Sainik farms, Pushpa Bhawan, South Delhi– 110062, India
Mr. Abhinav Gupta	Whole Time Director	02766867	W-3/1, Western Avenue, 79-A Sainik farms, Pushpa Bhawan, South Delhi – 110062, India
Ms. Noor Gupta	Whole Time Director	03611790	W-3/1, Western Avenue, 79-A Sainik farms, Pushpa Bhawan, South Delhi – 110062, India
Mr. Anil Aggarwal	Independent Director	00224118	B-382, Ranjit Avenue, Amritsar, Punjab – 143001, India
Mr. Naresh Kumar Aggarwal	Independent Director	00224371	415 Fatehgarh Churiyan Road, Akash Avenue Amritsar-1, Punjab-143001, India

Mr. Sanjay Arora	Independent Director	07815311	Bagichi Sobha Ram, O/s Lohgarh Gate, Amritsar, Punjab- 143001, India
Ms. Divya Agarwal	Independent Director	08016384	B-IV-164, Mahian Street, Chaura Bazar, Ludhiana, Punjab -141008, India

For further details, please refer to the chapter titled “*Our Management*” on page 88 of the Letter of Offer.

### **Chief Financial Officer**

Mr. Girish Singh Adhakari, Chief Financial Officer of our Company. His contact details are set forth hereunder.

**Address:** 3096, 2<sup>nd</sup> Floor, Sector – 49, Sainik Colony, Faridabad – 121001

**Telephone:** +91-9811828592

**Email:** [girishsingh2000@gmail.com](mailto:girishsingh2000@gmail.com)

### **Company Secretary and Compliance Officer**

Ms. Yashima Saluja, Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder.

**Address:** Behram Pur Road, Khandsa Village, Gurugram, Haryana-122001, India

**Telephone:** +91-9996199948

**Email:** [yashimasaluja15@gmail.com](mailto:yashimasaluja15@gmail.com)

### **Details of Key Intermediaries pertaining to this Issue of our Company**

#### **Registrar to the Issue**

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

**Address:** C-101, 1st Floor, 247 Park, LBS Marg, Vikhroli (West), Mumbai –400 083, Maharashtra, India

**Telephone:** +91 81081 14949

**E-mail:** [ashnoortextile.rights2023@linkintime.co.in](mailto:ashnoortextile.rights2023@linkintime.co.in) | **Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact person:** Ms. Shanti Gopalakrishnan

**Investor grievance:** [ashnoortextile.rights2023@linkintime.co.in](mailto:ashnoortextile.rights2023@linkintime.co.in)

**CIN:** U67190MH1999PTC118368

**SEBI Registration No:** INR000004058

**Validity of Registration:** Permanent

#### **Statutory and Peer Review Auditor of our Company**

##### **M/s. KSA & Company, Chartered Accountants**

**Address:** K-8, Ground Floor, Jungpura Extension, New Delhi – 110014, India

**Telephone:** 011-24323155 | **Email:** [ksaindia.in@ksaindia.in](mailto:ksaindia.in@ksaindia.in)

**Contact Person:** Ms. Rasmi Ranjan Jati

**Membership No.:** 511397

**Firm Registration No.:** 03822C

**Peer Review Certificate No.:** 015415

**Banker to the Issue**

IndusInd Bank Limited

**Address:** PNA House, 4th Floor, Plot No 57 & 57/1, Road No 17, Near SRL, MIDC, Andheri East, Mumbai – 400093, India

**Tel.:** +91222261069318

**Email:** [nseclg@indusind.com](mailto:nseclg@indusind.com)

**Contact Person:** Mr. Kaushik Chatterjee

**SEBI Registration:** INBI00000002

**Self-Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided at the website of the SEBI <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time. For more Details relating to Designated Branches of SCSBs collecting the ASBA application forms are available at the above-mentioned link. On Allotment, the amount will be unblocked, and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

**Investor Grievances**

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters such as non-receipt of Abridged Letter of Offer/Application Form, Rights Entitlement Letter/Letter of Allotment or Refund orders etc. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e- acknowledgment (in case of normal process). For details on the ASBA process see “*Terms of the Issue*” on page 111.

**Inter-se Allocation of Responsibilities**

The Company has not appointed any merchant banker as the Issue size is less than ₹ 5000 Lakh and hence there is no inter-se allocation of responsibilities.

**Credit Rating**

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

**Debenture Trustee**

As this is a Rights Issue for Equity Shares, the appointment of a Debenture Trustee is not required.

**Monitoring Agency**

Our Company is not required to appoint a monitoring agency since the issue size is below ₹ 10,000 Lakh.

## Filing

As per the requirements of SEBI ICDR Regulations, the issue size of this rights issue is below ₹ 5000 Lakhs, therefore this Letter of Offer has been filed with the BSE. On receipt of the in-principle approval from BSE, the Final Letter of Offer will be filed with the Stock Exchange and will be submitted to SEBI for information and dissemination purpose as per the provisions of the SEBI ICDR Regulations.

## Appraising Agency

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

## Underwriting

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

## Experts

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

## Issue Schedule:

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

Last Date for credit of Rights Entitlements:	Thursday, May 02, 2024
Issue Opening Date:	Tuesday, May 07, 2024
Last Date for On Market Renunciation <sup>#</sup> :	Monday, May 13, 2024
Issue Closing Date*:	Thursday, May 16, 2024
Finalization of Basis of Allotment (on or about):	Friday, May 24, 2024
Date of Allotment (on or about):	Friday, May 24, 2024
Date of credit (on or about):	Thursday, May 30, 2024
Date of listing (on or about):	Monday, June 03, 2024

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

\*Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

The above schedule is indicative and does not constitute any obligation on our Company.

***Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than Tuesday, May 14, 2024, being two Working Days prior to the Issue Closing Date, i.e., Thursday, May 16, 2024 to***

*enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts by Wednesday, May 15, 2024 being one day before the Issue Closing Date, i.e., Thursday, May 16, 2024.*

*Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company or the Registrar will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. For details on submitting Application, see “Terms of the Issue” on page 111.*

*The details of the Rights Entitlements with respect to each Eligible Shareholders can be accessed by such respective Eligible Shareholders on the website of the Registrar to the Issue at [www.linkintime.co.in](http://www.linkintime.co.in) after keying in their respective details along with other security control measures implemented there at. For further details, please refer to the paragraph titled see ‘Credit of Rights Entitlements in demat accounts of Eligible Shareholders’ under the section titled ‘Terms of the Issue’ beginning on page 111 of this Letter of Offer.*

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

#### **Minimum Subscription**

As per Regulation 3 read with Regulation 86 of SEBI ICDR Regulations, our Company is not required to achieve minimum subscription for the Rights Issue on account of the following reasons:

- Objects of the issue being other than financing of capital expenditure for a project; and
- Our Promoter and Promoter Group have confirmed that they will subscribe to the full extent of their right entitlements, subject to compliance with minimum public shareholding and will not renounce rights except to the extent of renunciation within the promoter group.

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## CAPITAL STRUCTURE

The Share capital of our Company as on the date of this Letter of Offer and after giving effect to the Issue is as provided below:

(Amount in ₹ Lakh)

S. N.	Particulars	Aggregate value at face value	Aggregate value at Issue Price
1.	<b>AUTHORISED SHARE CAPITAL</b>		
	1,60,00,000 Equity Shares of ₹10/- each <sup>(1)</sup>	1,600.00	-
2.	<b>ISSUED &amp; SUBSCRIBED &amp; PAID-UP CAPITAL BEFORE THIS ISSUE</b>		
	1,27,45,849 Equity Shares of ₹ 10/- each	1,274.58	-
4.	<b>PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER <sup>(2)</sup></b>		
	Up to 31,86,462 Rights Equity Shares of ₹. 10/ each	318.65	637.29
5.	<b>ISSUED, SUBSCRIBED, AND PAID-UP CAPITAL AFTER THIS ISSUE <sup>(3)</sup></b>		
	1,59,32,311 fully paid-up Equity Shares of ₹ 10/- each	1,593.23	N.A.
<b>SECURITIES PREMIUM ACCOUNT</b>			
	Before this Issue		240.00
	After this Rights Issue of Equity Shares		558.65 <sup>(3 &amp; 4)</sup>

### Notes:

1. Pursuant to ordinary resolution passed at the Annual General Meeting of the Shareholders held on August 28, 2023, the Authorised Share Capital of our Company has been increased from the existing share capital of ₹1,275 lakhs divided into 1,27,50,000 Equity Shares of ₹ 10/- each to ₹ 1,600 lakhs divided into 1,60,00,000 Equity Shares of ₹ 10/- each.
2. This Issue has been authorized by a resolution of our Board passed at its meeting held on Friday, July 21, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. The Board of Directors of our Company in its meeting held on August 14, 2023, has resolved to issue Rights Equity Shares to the Eligible Equity Shareholders, at ₹ 20/- per Rights Equity Share, in the ratio of 1:4 i.e., 1(One) Rights Equity Share for every 4 (Four) Equity Shares, as held on the Record Date.
3. Assuming full subscription for and Allotment of the Rights Equity Shares.
4. Above figures are rounded off to two decimal places.



## NOTES TO CAPITAL STRUCTURE

### **I. Details of options and convertible securities outstanding as on the date of this Letter of Offer**

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 Letter of Offer.

### **II. Details of Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.**

No Equity Shares held by our Promoter or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

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

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

### **IV. Subscription to this Issue by our Promoter and Promoter Group**

Our Promoter and Promoter Group have vide letters dated October 01, 2023 (the “**Subscription Letters**”), have undertaken to subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favor by any other Promoters or member(s) of the Promoter Group of our Company. Further, our Promoter and Promoter Group, intend to apply for and subscribe to additional Rights Securities, and any such subscription for Rights Securities shall be over and above our Rights Entitlement, subject to compliance with the minimum public shareholding requirements as prescribed under the SCRR and the SEBI Listing Regulations and other applicable laws and not resulting in the minimum public shareholding of our Company falling below the level prescribed in SEBI Listing Regulations and SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

### **V. The ex-rights price of the Rights Equity Shares, as computed in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations, is ₹ 32.08/- per Equity Share.**

### **VI. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Letter of Offer. The Rights Equity Shares, when issued, shall be fully paid-up. Further, the Equity Shares allotted pursuant to the Issue, shall be fully paid up. For details on the terms of this Issue, see “*Terms of the Issue*” on page 111.**

### **VII. At any given time, there shall be only one denomination of Equity Shares.**

### **VIII. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges (i.e. for the Quarter ended March 31, 2024) in compliance with the provisions of the SEBI Listing Regulations:**

The same can be accessed at: <https://www.bseindia.com/stock-share-price/ashnoor-textile-mills-ltd/ashnoor/507872/shareholding-pattern/>.

**IX. Details of the Shareholders holding more than 1% of the issued and paid-up Equity Share capital**

The details of shareholders of our Company holding more than 1% of the issued and paid -up Equity Share capital of our Company, as on March 31, 2024 are available on the website of the BSE at, <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=507872&qtrid=121.00&QtrName=March%202024> .

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## OBJECTS OF THE ISSUE

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

- Adjustment of unsecured loans against the entitlement of the promoters of the Company ; and
- General Corporate Purposes.

(Collectively, referred to hereinafter as the “**Objects**”)

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

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

### Issue Proceeds:

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

(₹ in lakhs)	
Particulars	Amount#
Gross Proceeds from this Issue	637.29
Less: Estimated Issue related expenses	30.00
<b>Total Net Proceeds*</b>	<b>607.29</b>

\* Assuming full subscription and allotment with respect to the Rights Equity Shares.

#Rounded off to two decimal places.

### Requirement of funds and utilization of Net Proceeds

The proposed utilization of the Net Proceeds is set forth in the table below:

(₹ in lakhs)	
Particulars	Amount
Adjustment of unsecured loans against the entitlement of the promoters of the Company.	463.10
General Corporate Purposes.	144.19
<b>Total Net Proceeds</b>	<b>607.29</b>

Note:

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

## Means of Finance:

The funding requirements mentioned above are based on our Company's internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of numerous factors beyond our control, such as market conditions, competitive environment, costs of commodities or interest rate fluctuations. We intend to finance the abovementioned objects from the Net Proceeds. Accordingly, the requirements under Regulation 62(1)(c) of the SEBI ICDR Regulations requiring to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue is not applicable on the Company.

## Proposed Schedule of Implementation and Deployment of Funds

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

(₹ in lakhs)

Particulars	Amount proposed to be funded from Net Proceeds at Application	Proposed schedule for deployment of the Net Proceeds at Application
Adjustment of unsecured loans against the entitlement of the promoters of the Company.	463.10	Latest by June 30, 2024
General Corporate Purposes#	144.19	Latest by September 30, 2024
<b>Total Net proceeds from the Issue*</b>	<b>607.29</b>	-

#The amount to be utilized for General corporate purposes will not exceed 25% of the Gross Proceeds

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

Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Our Company may also utilize any portion of the Net Proceeds, towards the aforementioned objects of the Issue, ahead of the estimated schedule of deployment specified above. Further, in the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in the scheduled fiscal year is not completely met, the same shall be utilized in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. If the actual utilization towards any of the Objects is lower than the proposed deployment such balance will be used for future growth opportunities including funding other existing objects, if required and towards general corporate purposes to the extent that the total amount to be utilized towards

general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations.

## DETAILS OF THE OBJECTS OF THIS ISSUE

The details in relation to objects of this Issue are set forth herein below:

### 1. Adjustment of unsecured loans against the entitlement of the promoters of the Company

As on June 30, 2023, our Company has availed unsecured loan of ₹ 726.88 Lakh from Mr. Suneel Gupta, Ms. Sangeeta Gupta and Ms. Noor Gupta, being the promoters of our Company, with an option to recall the loan by giving one year notice to the Company. These unsecured loans were raised by our Company as per the Loan Agreement executed between Mr. Suneel Gupta, Ms. Sangeeta Gupta, Ms. Noor Gupta and the Company dated February 15, 2016, February 15, 2016 and August 16, 2019 respectively, for the purpose of providing long term funds to the Company for a period of ten years.

Also, as per the Loan Agreements, the Company can repay the loan at any time at its discretion after giving one week's notice to the promoters.

Our Company proposes to utilize an estimated amount of ₹ 463.10 Lakh from the Net Proceeds of the Issue towards repayment/prepayment, in full or in part, of certain unsecured loan availed by our Company from aforesaid Promoters of the Company.

The following table provides details of the relevant terms of the unsecured loans that have been availed and outstanding by our Company from the promoter or members of the Promoter Group as on June 30, 2023, out of which we may repay/prepay, in full or in part, any or all of its respective loans/facilities, without any obligation to pay/repay any particular lender in priority to the other:

(₹ in Lakhs)					
S. No.	Name of Person	Outstanding Unsecured loans as on June 30, 2023	Purpose of availing Loan*	Interest Rate (%) p.a.	Proposed repayment/prepayment from Net Proceeds
1.	Mr. Suneel Gupta	189.80	Providing long term funds to the Company	NIL	189.20
2.	Ms. Sangeeta Gupta	161.58		NIL	149.31
3.	Ms. Noor Gupta	375.50		NIL	124.59
<b>TOTAL</b>		<b>726.88</b>			<b>463.10</b>

\*Our Statutory Auditors have provided a certificate dated November 16, 2023, confirming the amount outstanding as Unsecured Loan as on June 30, 2023.

Our Promoters have vide letter dated November 10, 2023 requested our Company to adjust their entire unsecured loan against their entitlement, including additional subscription, if any. Based on the business requirements of our Company, our Promoters may advance further unsecured loans to our Company and the exact amount of such unsecured loans to be adjusted shall be such that the Issue is subscribed.

Our Company shall adjust the unsecured loan given by Mr. Suneel Gupta, Ms. Sangeeta Gupta and Ms. Noor Gupta, our Promoters against the application money payable by Mr. Suneel Gupta, Ms. Sangeeta

Gupta and Ms. Noor Gupta, to the extent of their subscription and allotment of the Rights Equity Shares to them under the Issue, whether pursuant to their Rights Entitlement or subscription to additional Rights Equity Shares (as the case may be). Consequently, no fresh issue proceeds would be received by our Company to that extent.

Given the nature of these borrowings and the terms of repayment, the aggregate outstanding amount of loans may vary from time to time and accordingly, our Company will repay/prepay the principal amount outstanding as on the date of repayment/prepayment. In case of any surplus after utilization of the Issue Proceeds for the repayment/prepayment of loans, our Company may use such surplus towards General Corporate Purposes subject to total utilization not exceeding 25% of the Gross Proceeds of the Issue. In the event Net Proceeds are insufficient for the repayment/prepayment of loans, such payment shall be made from the internal accruals of our Company.

### **Interest of Promoters and Directors in the Objects of the Issue**

Mr. Suneel Gupta, Ms. Sangeeta Gupta and Ms. Noor Gupta being the promoters of our Company have *vide* their letter dated November 10, 2023 confirmed that an amount of ₹ 726.88 Lakh, which has been availed by our Company, in the nature of identified unsecured loans as per the details mentioned in the above table, is proposed to be adjusted towards the application money to be received by the Company, for the subscription to the Rights Equity Shares to be allotted in this Issue, to the extent of their entitlement, renunciation of entitlement made in their favour by the members of Promoter Group (if any) as well as Additional Rights Equity Shares to be applied by them for the unsubscribed portion, (in part or full, as the case may be) in the Issue. Consequently, no fresh Issue proceeds would be received by our Company to such an extent.

## **2. General Corporate Purposes**

Our Company intends to deploy the balance Gross Proceeds, aggregating to ₹ 144.19 Lakh towards general corporate purposes as approved by our management from time to time, subject to such utilization not exceeding 25% of the Gross Proceeds in compliance with the SEBI ICDR Regulations.

The general corporate purposes for which our Company proposes to utilize Net Proceeds may include, but are not restricted to, brand building and other marketing expenses, salaries and wages, rent, administration expenses, electricity bills of manufacturing plants, godown and offices, upgradation of information technology, infrastructure, insurance related expenses, payment of taxes and duties, repair, maintenance, renovation and upgradation of our offices or branches, strategic initiatives, funding growth opportunities such as acquiring assets include furniture, fixtures and vehicles, leasehold improvements and intangibles, and similar other expenses incurred in the ordinary course of our business or towards any exigencies.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

In addition to the above, our Company may utilize the Net Proceeds towards other purposes considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act. Our Company's management shall have flexibility in utilizing surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the

proposed utilization of Net Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

### 3. Issue Related Expenses

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

(Unless otherwise specified, in ₹ lakhs)

S. No.	Particulars	Amount	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fee to the professional service providers and Registrar to the Issue	12,00,000	40.00	1.88
2.	Advertising, marketing expenses, shareholder outreach, etc.	7,00,000	23.33	1.10
3.	Fees payable to regulators, including depositories, Stock Exchanges, and SEBI	7,00,000	23.33	1.10
4.	Other expenses (including miscellaneous expenses and stamp duty)	4,00,000	13.33	0.63
	<b>Total estimated Issue related expenses</b>	<b>30,00,000</b>	<b>100.00</b>	<b>4.71</b>

*Note: Subject to finalization of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.*

### Strategic or Financial Partners

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

### Bridge Financing Facilities

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

### Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends and will deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board of Directors.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilization of the proceeds of the Issue as described above, it shall not use the funds from the Net Issue Proceeds for any investment in equity and/ or real estate products and/ or equity linked and/ or real estate linked products.

### **Appraisal by Appraising Agency**

None of the objects have been appraised by any bank or financial institution or any other independent third-party organizations.

### **Monitoring of Utilization of Funds**

Since the issue size of the offer is less than ₹ 10,000 Lakhs, our Company is not required to appoint a Monitoring Agency.

### **Key Industrial Regulations for the Objects of the Issue**

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

### **Other Confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters and Promoter group, the directors, associates or key management personnel or group companies, except for the part of the Net Proceeds that will be utilized towards the repayment and/or prepayment of certain unsecured loans availed by our Company from Mr. Suneel Gupta, Ms. Sangeeta Gupta and Ms. Noor Gupta, being the promoters of our Company and payments made in the normal course of business. There are no material existing or anticipated transactions.

### **The interest of Promoters, Promoter Group and Directors, as applicable to the objects of the Issue**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters and Promoter Group, Directors, Key Managerial Personnel of our Company, except as explained above.

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## STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors,  
Ashnoor Textile Mills Limited  
Behrampur Road, Village Khandsa,  
Gurugram, Haryana – 122001

**Subject : Report on statement of possible special tax benefits (“the Statement”) available to Ashnoor Textile Mills Limited (“Company”), its subsidiaries and its shareholders, prepared in accordance with the requirement under Schedule VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“the ICDR Regulations”).**

1. The accompanying Statement of Special Tax Benefits available to the Company, its subsidiaries and its Shareholders (hereinafter referred to as “**the Statement**”) under the Income-tax Act, 1961 (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2021 (hereinafter referred to as “**IT Act**”), and the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20) (collectively referred as “**Indirect Tax Regulations**”) as on the signing date, for inclusion in the Letter of Offer and letter of offer (“Offer Document”) prepared in connection with the Offer, has been prepared by the management of the Company in connection with the Offer, which we have initialed for identification purposes.

### **Management’s Responsibility**

2. The preparation of this Statement as on the date of our report which is to be included in the Offer Document is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on July 21, 2023, for the purpose set out in paragraph 9 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 Responsibility**

3. 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.
4. 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 (‘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 its shareholders, in accordance with the Act as at the date of our report.

5. 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.
6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the Regulations in connection with the Offer.

### **Inherent Limitations**

7. 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**

8. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available, to the Company and its shareholders, in accordance with the Act 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 as per the Statement have been/would be met with.

**Restriction on Use**

9. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Documents, 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 KSA & Co**  
**Chartered Accountants**  
**FRN No: 003822C**

**Sd/-**  
**RASMI RANJAN JATI**  
**Partner**  
**Membership No.: 511397**  
**UDIN: 23511397BGXYMX5368**  
**Place: New Delhi**  
**Date: October 5, 2023**

## **STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ASHNOOR TEXTILE MILLS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA**

Outlined below are the special tax benefits available to the Company and its shareholders under the Act applicable for the Financial Year 2023-24. These possible special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act.

### **I. Under the Income tax Act, 1961 (the IT Act) (hereinafter referred to as "the Act") as amended from time to time, applicable for the Financial Year 2023-24 relevant to Assessment Year 2024-25.**

#### **A. Special tax benefits available to the Company under the Act.**

##### **1. Lower Corporate tax rate under section 115BAA**

A new Section 115BAA has been inserted by the Taxation Laws (Amendment) Act 2019 (the Amendment Act, 2019) w.e.f. April 01, 2020 granting an option to domestic company to compute corporate tax at a reduced rate of 25.17% (22 % plus surcharge of 10% and cess of 4%) , provided such companies do not avail specified exemption/ incentives (e.g. deduction under Section 10AA, 32 (1) (ia), 33ABA, 35(2AB), 80-IA etc)

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

The Company is eligible to exercise the above option.

##### **2. Deduction from Gross total Income:**

###### **Section 80JJAA – Deduction in respect of employment of new employees.**

Subject to fulfilling of certain conditions, the Company is entitled to claim deduction, under the provisions of Section 80JAA of the Act, of an amount equal to thirty percent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for the three assessment years including the assessment year relevant to the previous year in which such employment is provided.

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

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

The Company is only considering deduction under 80JAA as per the above option.

#### **B. Special tax benefits available to the shareholders.**

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

**Notes:**

1. The above statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis of listing of all the potential tax consequences of the purchase, ownership and disposal of shares.
2. 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.
3. The above statement of possible special tax benefits is as per the current direct tax laws relevant for the assessment of 2023-24. Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws
4. The Company has evaluated and decided to exercise the option permitted under Section 115BAA of the Act for the purpose of computing its income-tax liability for the Financial Year 2023-24 and accordingly, the special direct tax benefits, available for Financial Year 2023-24, are captured to the extent the same are relevant to a Company exercising such option. In this regard, it may also be noted that such option for Financial Year 2023-24 is yet to be exercised by the Company which could be done prior to furnishing the tax return of the Company for Financial Year 2023-24. The option once exercised cannot be subsequently withdrawn for the Same or any other Financial Year.

**II. Indirect tax (Indirect tax regulations)**

The Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, including the relevant rules, notifications and circulars issued there under, the Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20 “FTP”) (collectively referred as "Indirect Tax Regulations")

**A. Special tax benefits available to the Company.**

**1. Benefits available to the company under Integrated Goods and Services Tax Act 2017 (IGST Act):**

Under the IGST Act, all supplies of goods and services which qualify as export of goods or services are zero-rated, that is, these transactions attract a GST rate of zero per cent.

On account of zero rating of supplies, the supplier will be entitled to claim input tax credit in respect of goods or services used for such supplies and can seek refund of accumulated/unutilized ITC.

There are two mechanisms for claiming refund of accumulated ITC against export. Either person can export under Bond/LUT as zero-rated supply and claim refund of accumulated Input Tax Credit or person may export on payment of integrated tax and claim refund thereof as per the provisions of Section 54 of CGST Act, 2017.

The Company provides export of services under Bond/LUT as zero-rated supply and can claim refund of the Input Tax on inward supplies.

**2. EPCG License Benefits available to the company:**

The Company has taken Export Promotion Capital Goods Scheme (EPCG), license under FTP and is availing exemption from basic custom duty, social welfare surcharge and integrated goods and service tax on import of goods meant for export production under Duty Draw Back.

**3. Benefit of “Scheme for Rebate of State and Central Taxes and Levies, “RoSCTL Scheme” on Export of Garments and Made-ups” and “Rebate of State Levies (RoSL) Scheme” to rebate all embedded State and Central Taxes and Levies on garments and made-ups to enhance competitiveness of these sector.**

RoSCTL scheme has been notified by the Ministry of Textiles. However, the scheme shall be implemented by the Department of Revenue. The RoSCTL Scheme was introduced by the Ministry of Textiles vide Notf. No. 14/26/2016-IT(VOL.II) dated 07.03.2019. The Scheme came into effect from 07.03.2019. The Rebate of State and Central Taxes and Levies (RoSCTL) Scheme shall remain in force up to 31st of March 2024 (Refer MOT Notification No. 12015/11/2020-TTP dated 13.08.2021).

The scheme intends to compensate the State and Central Taxes and Levies in addition to the Duty Drawback Scheme on export of apparel/ garments and Made-ups by way of rebate. The Rebate of State Taxes and Levies includes VAT on fuel used in transportation, captive power, farm sector, mandi tax, duty of electricity, stamp duty on export documents, embedded SGST paid on inputs such as pesticides, fertilizers etc. used in production of raw cotton, purchases from unregistered dealers, coal used in production of electricity and inputs for transport sector. However, the Rebate of Central Taxes and Levies includes central excise duty on fuel used in transportation, embedded CGST paid on inputs such as pesticides, fertilizer etc. used in production of raw cotton, purchases from unregistered dealers, inputs for transport sector and embedded CGST and Compensation Cess on coal used in production of electricity.

**B. Special tax benefits available to shareholders of the Company under indirect tax regulations in India**

The shareholders of the Company are not eligible to any special tax benefits under Indirect Tax Regulations

**Notes:**

1. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his or her tax advisor. With respect to specific tax consequences of his/her investment in the shares of the Company.
2. No assurance is given that the revenue authorities/courts will the view expressed herein. The 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. The above statement of possible special tax benefits sets out the provisions of Tax Laws in a summary manner only and is not a complete analysis of listing of all the potential tax consequences of the purchase, ownership and disposal of shares.
3. 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.

4. The special 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.
5. The Statement has been prepared on the basis that the shares of the Company are listed on a recognized stock exchange in India and the Company will be issuing shares.
6. The Statement is prepared on the basis of information available with the management of the Company and there is no assurance that:
  - the Company or its shareholders will continue to obtain these benefits in future;
  - the conditions prescribed for availing the benefits have been/ would be met with; and
  - the revenue authorities/courts will concur with the view expressed herein.
7. The above views are based on the existing provisions of law and its interpretation, which are subject to change from time to time.
8. The above Statement of Special Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

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## SECTION IV: DETAILS OF BUSINESS

### INDUSTRY OVERVIEW

*The information in this section has been extracted from various websites and publicly available documents from various industry sources. The data may have been re-classified by us for the purpose of presentation. None of the Company and any other person connected with the Issue have independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from believed to be reliable, but their accuracy, completeness, and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projection forecasts, and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on information.*

### GLOBAL OUTLOOK

#### INTRODUCTION

Global growth appears to have lost pace from the third quarter of 2023, after having quickened in the first half of the year relative to the preceding six months. Headline indicators suggest that labour market tightness in advanced economies (AEs) is easing, with weak wage growth adjusted for inflation dampening consumer spending and confidence. In this group of countries, manufacturing activity is either stagnating or contracting and services are moderating from a robust expansion. Europe's biggest economies ended the third quarter in contraction, according to purchasing managers' indices (PMIs). Globally, the modest easing of inflation from historical highs in 2022 has not been enough to recoup real income losses. Tight financial conditions engendered by higher-for-longer stances in monetary policy settings have punctured asset price inflation, with surging bond yields forcing equity markets into correction and sending up the US dollar from strength to strength. Fears are rife that these levels of real interest rates will prolong as neutral rates appear higher, triggering off retreats from risky assets, loan delinquencies, fall in house prices, impediments to rollovers, and other such financial stresses. In some AEs, bank lending is beginning to show these strains. It is also reported that global deals involving mergers and acquisitions are languishing at a 10-year low as high-interest rates chill activity in equity markets. This has adverse implications for the global foreign direct investment (FDI) cycle, already in a slump.

By contrast, several emerging market economies (EMEs), especially in Asia and among the BRICS barring China, have posted positive growth surprises. Their PMIs are in expansion. These countries are standing up to formidable global headwinds that keep stampeding capital flows out of their equity and debt markets and imposing relentless downward pressure on their currencies. Nevertheless, growth profiles in this group are varied, reflecting country-specific circumstances. Ominously, however, the recent rally in crude prices is undermining the overall prospects of these economies. They also appear increasingly vulnerable to sell-offs and safe haven flights. The situation is compounded by rising food prices, a geopolitical fallout. Several EMEs – and even advanced peers - are tapping into foreign exchange reserves to help shore up their currencies or are engaging in open mouth interventions.

The US dollar's strength is now a global risk, tightening the already tight financial conditions even more. Even as energy importers reel under the impact of soaring crude oil prices that resurrect the spectre of inflation alongside external vulnerabilities, the US dollar gets ever stronger on the heft of surging treasury



yields, creating a pernicious feedback loop. The more this toxic vortex persists, the greater is the pain for the world. Will the global economy be able to weather crude trading at current levels, especially with elevated energy prices turbocharging the US dollar? Monetary policy authorities facing these combined pressures may remain on guard for longer – in fact, even pauses are being accompanied by higher future rates guidance. Fiscal authorities in many countries may be forced to extend fossil fuel subsidies. Eventually, these forces can take down the global economy by weakening its main engines, notably the US and India. The end game could be to the detriment of all. Indeed, there is a view that an inflection point in the global monetary policy tightening cycle has already been reached, with signs of global activity slowing. Financial market traders too are sensing that this transition is being approached – they are pricing in no further rate increases by AEs and beginning of rate cuts by EMEs.

Global trade has lagged global growth through the first half of 2023, with merchandise trade volume having contracted at its fastest annual pace since the pandemic and the tourism-fired rebound in services trade is showing some signs of softening. This downturn has been broad-based in the third quarter, with most of the world reporting falling trade volumes. Although the World Trade Organization (WTO) points to strong automobile production and sales containing the downturn, upward momentum in the third quarter and beyond may be limited as long as export orders, container shipping, air freight and raw materials demand remain weak. Global import demand remains anemic, weighed down by sluggish economic growth in leading economies, including the European Union (EU) and China. The United Nations Conference on Trade and Development (UNCTAD) forecasts global trade in goods and services to grow by barely 1 per cent through the year as whole, the slowest since the end of the World War II. The piling up of unresolved disputes at the WTO seems to bear this out as world trade fragments, geopolitical strife engulfs the earth from Ukraine to Israel and beyond, rendering the world trading order teetering on the abyss of irrelevance.

In recent editions of the State of the Economy, we have been flagging climate risks. Europe announced its hottest September on record in 2023. At the UN Climate Ambition Summit on September 20, back-tracking on green policies was highlighted, even as countries brace up for COP 28 which will provide yet another opportunity to accelerate action to limit global warming. According to the International Energy Agency (IEA), meeting net zero goals will require tripling of renewable energy capacities to 11,000 gigawatts by 2030, increasing annual investment in clean energy from US\$ 1 trillion to US\$ 4.5 trillion by the early 2030s and driving a large portion of these investments to emerging and developing countries. Fossil fuel use, if prolonged, needs to be accompanied by emissions-capturing technology. The main problem is the distribution of climate finance which is skewed towards those countries that have financial resources and infrastructure ready to ensure transition to low-carbon activity. By contrast, the global south faces a daunting disparity in the availability of climate finance, rendering their climate ambitions distant and making them increasingly vulnerable to natural disasters. No country can address the impact of climate change by itself, but frayed international cooperation has been described as the ‘Achilles heel of reaching our global climate targets.’ Global action for climate change also has to be isolated from geopolitical tensions. The pathway to net zero has to be equitable; this will necessarily involve differential timelines.

It is the season of forecast revisions again. The OECD is among those presenting an upward revision, observing that India’s ‘growth surprise’ has been positive, with notable strength reflected in its PMIs, and fostering a steady outlook. According to it, India’s robust output growth has been supported by a strong expansion of investment and, on a sectoral level, the continued strength of services. The government’s infrastructure projects have supported momentum in the construction sector. Export growth in respect of services such as information technology and consulting has been strong and relatively unaffected by the slowdown in global growth. The Asian Development Bank has pointed out that strong private consumption

and upticks in public and private investment are expected to brighten India's outlook, although it foresees a slight downward revision for 2023-24 due to erratic rainfall patterns. Our view is that they will all eventually gravitate to the Monetary Policy Committee's (MPC's) projection of 6.5 percent real GDP growth for the year 2023-24.

High frequency indicators discussed in subsequent sections show a broad-based gaining of momentum in August and September. The festival season is all set to light up volumes of e-commerce sales. Entry-level prices of electronics are poised to fall despite the focus on 'premiumisation'. Consumer confidence is upbeat on online shopping, with wider choices, competitive pricing, and the convenience of easy return and exchange lifting up the online shopping experience. In response, pan-India demand for warehousing has outgrown supply by an estimated 1.4 times, with an average growth of 10 percent in rentals. Rural consumers also appear to be ready to join the party: there is a revival in demand for fast moving consumer goods after the September showers despite an uptick in freight and packaging costs. With Kharif sowing acreage exceeding last year's coverage, joblessness in rural areas fell in September.

Residential real estate markets across India's cities are exhibiting a growth momentum that is scaling a six-year high, despite rising mortgage rates and property prices. The cloud to this silver lining is that there are bulk sales in the mid-income and premium segments while the affordable and low-cost segments are undergoing a decline in volume. Overall, the real estate industry is reflecting strong fundamentals.

In the corporate sector, rating agencies are reporting credit ratios – upgrades by downgrades – of more than one. The upgrade rates has moderated but remains higher than the decadal average while the downgrade rate also undershot its 10-year average. Both investment- and non-investment grade companies recorded improvements in credit profiles. Infrastructure, automotive, and cement companies that rely on local consumption harnessed robust cash flows to bolster balance sheets, pointing to a possible revival due in private capex. A secular improvement is underway for financials of rated companies, which is boosting credit ratios. Deleveraging and higher capacity utilisation have enabled capital-heavy industries to stage a broad-based improvement in performance and outlook. In the financial markets, the festival mood is lifting sentiments. In September, primary equity markets sizzled, with the most number of initial public offerings (IPOs) in the past 13 years amidst a buoyant rally in mid-and small-cap stocks. This has been propelled by ebullient inflows into several small and mid-cap funds. The India volatility index (VIX), an equity market fear gauge, has remained subdued during the first half of 2023-24, indicative of the bullish market sentiment.

In the bond market, yields have shown remarkable resilience and stability in the face of the rise in US yields, attributable to country-specific factors such as the announcement of inclusion in the JP Morgan emerging market bond index, responsible government market borrowings indicative of underlying fiscal health, and prudent debt and liquidity management. Both passive and active funds are expected to flow into Indian debt markets, but they may bring with them associated volatility which will need to be carefully and nimbly managed.

The Indian rupee (INR) has also exhibited low volatility and orderly movements relative to peers in spite of the elevated US treasury yields and a stronger US dollar. Movements in the INR are consistent with the strength of the underlying macro-fundamentals and the reassuring availability of buffers.

Term deposit rates have surged to their highest levels in the past five years as banks rush to meet strong credit demand. There is anecdotal evidence that funds are flowing from low-yielding current account savings account (CASA) to higher-interest bearing term deposits. Competition among banks for garnering deposits has intensified after a long hiatus. The structural liquidity mismatch in the banking system is also reflected in

the highest issuances of certificates of deposits (CDs) in September during the current financial year. Outflows on account of tax payments and increased demand for credit ahead of the festival season have also tightened access to liquidity. Renewed government spending and the release of the last tranche of the incremental cash reserve ratio (I-CRR) will likely ease liquidity but CD raising will likely continue into October.

An important development that has spread cheer all around is the sharp correction in headline inflation in its September print from the recent spike in July and August. Vegetable prices may correct even more in October and expand disposable incomes of consumers. From the point of view of the conduct of monetary policy, the broad-based softening of core inflation has been a result of staying the straight and narrow course of excoriating inflation enduringly.

The accumulated force of monetary policy actions and an unswerving disinflationary stance of withdrawing accommodation are yielding results in the form of dissipating the persistence of price pressures, aided by the receding of input costs. It is too early to declare victory though; there are many miles to go.

Set against this backdrop, the remainder of the article is structured into four sections. Section II covers the rapidly evolving developments in the global economy. An assessment of domestic macroeconomic conditions is set out in Section III. Section IV encapsulates financial conditions in India, while the last Section sets out concluding remarks.

(Source: [RBI Bulletin October 2023](#))

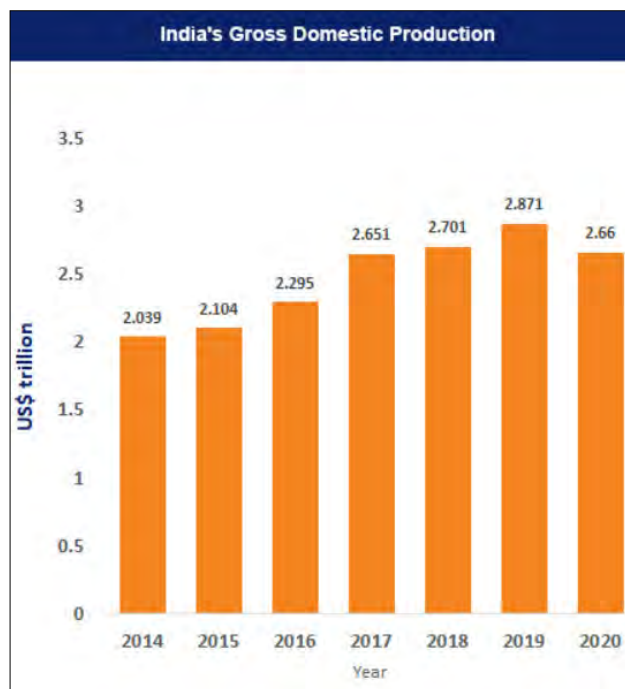
## **INDIAN ECONOMY OVERVIEW**

### **Introduction**

The Indian economy exhibited robust resilience in 2022-23 amidst a global turmoil following the war in Ukraine, and recorded a growth of 7.0 per cent, the highest among major economies in the world. Barring the Omicron wave scare early in the year 2022, COVID-19 was largely on the ebb for most part of the year helping in restoration of consumer and business confidence. Contact-intensive activity gradually resuscitated during the year and the release of pent-up demand bolstered domestic activity. Sound macroeconomic fundamentals, a resilient financial system reflected in healthy balance sheets of banks and non-banking financial companies (NBFCs), and a deleveraged corporate sector imparted resilience to counter the adverse global spillovers (Source: RBI Annual Report 2022-23)

Strong economic growth in the first quarter of FY 2022-23 helped India overcome the UK to become the fifth-largest economy after it recovered from repeated waves of COVID-19 pandemic shock. Real GDP in the first quarter of 2022–23 is currently about 4% higher than its corresponding 2019-20, indicating a strong start for India's recovery from the pandemic. Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022–2023. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-September 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.



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

## MARKET SIZE

India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world. The government is also focusing on renewable sources to generate energy and is planning to achieve 40% of its energy from non-fossil sources by 2030.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 2.1% of GDP in the first quarter of FY 2022-23.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.

## RECENT DEVELOPMENTS

India is primarily a domestic demand-driven economy, with consumption and investments contributing to 70% of the economic activity. With an improvement in the economic scenario and the Indian economy recovering from the Covid-19 pandemic shock, several investments and developments have been made across various sectors of the economy. According to World Bank, India must continue to prioritise lowering inequality while also putting growth-oriented policies into place to boost the economy. In view of this, there have been some developments that have taken place in the recent past. Some of them are mentioned below.

- As of September 21, 2022, India's foreign exchange reserves stood at US\$ 524,520 million.
- The private equity-venture capital (PE-VC) sector investments stood at US\$ 2 billion in September 2022.
- Merchandise exports in September 2022 stood at US\$ 32.62 billion.
- PMI Services remained comfortably in the expansionary zone at 56.7 during April-September 2022
- In September 2022, the gross Goods and Services Tax (GST) revenue collection stood at Rs. 147,686 crore (US\$ 17.92 billion).
- Between April 2000-June 2022, cumulative FDI equity inflows to India stood at US\$ 604,996 million.
- In August 2022, the overall IIP (Index of Industrial Production) stood at 131.3. The Indices of Industrial Production for the mining, manufacturing and electricity sectors stood at 99.6, 131.0 and 191.3, respectively, in August 2022.
- According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's Consumer Price Index (CPI) based retail inflation reached 7.41% in September 2022.
- In FY 2022-23, (until October 28, 2022), Foreign Portfolio Investment (FPI) outflows stood at Rs. 58,762 crore (US\$ 7.13 billion).
- The wheat procurement in Rabi 2021-22 and the anticipated paddy purchase in Kharif 2021-22 would include 1208 lakh (120.8 million) metric tonnes of wheat and paddy from 163 lakh (16.7 million) farmers, as well as a direct payment of MSP value of Rs. 2.37 lakh crore (US\$ 31.74 billion) to their accounts.

## GOVERNMENT INITIATIVES

Over the years, the Indian government has introduced many initiatives to strengthen the nation's economy. The Indian government has been effective in developing policies and programmes that are not only beneficial for citizens to improve their financial stability but also for the overall growth of the economy. Over recent decades, India's rapid economic growth has led to a substantial increase in its demand for exports. Besides this, a number of the government's flagship programmes, including Make in India, Start-up India, Digital India, the Smart City Mission, and the Atal Mission for Rejuvenation and Urban Transformation, are aimed at creating immense opportunities in India. In this regard, some of the initiatives taken by the government to improve the economic condition of the country are mentioned below:

- Home & Cooperation Minister Mr. Amit Shah, laid the foundation stone and performed Bhoomi Pujan of Shri Tanot Mandir Complex Project under Border Tourism Development Programme in Jaisalmer in September 2022.
- In August 2022, Mr. Narendra Singh Tomar, Minister of Agriculture and Farmers Welfare inaugurated four new facilities at the Central Arid Zone Research Institute (CAZRI), which has been rendering excellent services for more than 60 years under the Indian Council of Agricultural Research (ICAR).
- In August 2022, a Special Food Processing Fund of Rs. 2,000 crore (US\$ 242.72 million) was set up with National Bank for Agriculture and Rural Development (NABARD) to provide affordable credit for investments in setting up Mega Food Parks (MFP) as well as processing units in the MFPs.
- In July 2022, Deendayal Port Authority (DPA) announced plans to develop two Mega Cargo Handling Terminals on a Build-Operate-Transfer (BOT) basis under Public-Private Partnership (PPP) Mode at an estimated cost of Rs. 5,963 crore (US\$ 747.64 million).
- In July 2022, the Union Cabinet chaired by the Prime Minister Mr. Narendra Modi, approved the signing of the Memorandum of Understanding (MoU) between India & Maldives. This MoU will provide a platform to tap the benefits of information technology for court digitization and can be a potential growth

area for the IT companies and start-ups in both the countries.

- India and Namibia entered into a Memorandum of Understanding (MoU) on wildlife conservation and sustainable biodiversity utilization on July 20, 2022, for establishing the cheetah into the historical range in India.
- In July 2022, the Reserve Bank of India (RBI) approved international trade settlements in Indian rupees (INR) in order to promote the growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community.
- In June 2022, Prime Minister Mr. Narendra Modi inaugurated and laid the foundation stone of development projects worth Rs. 21,000 crore (US\$ 2.63 billion) at Gujarat Gaurav Abhiyan at Vadodara.
- Mr. Rajnath Singh, Minister of Defence, launched 75 newly-developed Artificial Intelligence (AI) products/technologies during the first-ever 'AI in Defence' (AIDef) symposium and exhibition organized by the Ministry of Defence in New Delhi on 11 July 2022.
- In June 2022:
- Prime Minister Mr. Narendra Modi, laid the foundation stone of 1,406 projects worth more than Rs. 80,000 crore (US\$ 10.01 billion) at the groundbreaking ceremony of the UP Investors Summit in Lucknow.
- The Projects encompass diverse sectors like Agriculture and Allied industries, IT and Electronics, MSME, Manufacturing, Renewable Energy, Pharma, Tourism, Defence & Aerospace, Handloom & Textiles.
- The Indian Institute of Spices Research (IISR) under the Indian Council for Agricultural Research (ICAR) inked a Memorandum of Understanding (MoU) with Lysterra LLC, a Russia-based company for the commercialization of biocapsule, an encapsulation technology for bio-fertilization on 30 June, 2022.
- As of April 2022, India signed 13 Free Trade Agreements (FTAs) with its trading partners including major trade agreements like the India-UAE Comprehensive Partnership Agreement (CEPA) and the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA).
- The Union Budget of 2022-23 was presented on February 1, 2022, by the Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman. The budget had four priorities PM GatiShakti, Inclusive Development, Productivity Enhancement and Investment, and Financing of Investments. In the Union Budget 2022-23, effective capital expenditure is expected to increase by 27% at Rs. 10.68 lakh crore (US\$ 142.93 billion) to boost the economy. This will be 4.1% of the total Gross Domestic Production (GDP).
- Under PM GatiShakti Master Plan, the National Highway Network will develop 25,000 km of new highways network, which will be worth Rs. 20,000 crore (US\$ 2.67 billion). In 2022-23. Increased government expenditure is expected to attract private investments, with a production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded, and measured policy support is anticipated to boost the Indian economy.
- In February 2022, Minister for Finance and Corporate Affairs Ms. Nirmala Sitharaman said that productivity linked incentive (PLI) schemes would be extended to 14 sectors to achieve the mission of AtmaNirbhar Bharat and create 60 lakh jobs with an additional production capacity of Rs. 30 lakh crore (US\$ 401.49 billion) in the next five years.
- In the Union Budget of 2022-23, the government announced funding for the production linked incentive (PLI) scheme for domestic solar cells and module manufacturing of Rs. 24,000 crore (US\$ 3.21 billion).
- In the Union Budget of 2022-23, the government announced a production linked incentive (PLI) scheme for Bulk Drugs which was an investment of Rs. 2500 crore (US\$ 334.60 million).
- In the Union Budget of 2022, Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman announced that a scheme for design-led manufacturing in 5G would be launched as part of the PLI scheme.

- In September 2021, Union Cabinet approved major reforms in the telecom sector, which are expected to boost employment, growth, competition, and consumer interests. Key reforms include rationalization of adjusted gross revenue, rationalization of bank guarantees (BGs), and encouragement of spectrum sharing.
- In the Union Budget of 2022-23, the government has allocated Rs. 44,720 crore (US\$ 5.98 billion) to Bharat Sanchar Nigam Limited (BSNL) for capital investments in the 4G spectrum.
- Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman allocated Rs. 650 crore (US\$ 86.69 million) for the Deep Ocean mission that seeks to explore vast marine living and non-living resources. Department of Space (DoS) has got Rs. 13,700 crore (US\$ 1.83 billion) in 2022-23 for several key space missions like Gaganyaan, Chandrayaan-3, and Aditya L-1 (sun).
- In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).
- Minister for Finance & Corporate Affairs Ms Nirmala Sitharaman announced in the Union Budget of 2022-23 that the Reserve Bank of India (RBI) would issue Digital Rupee using blockchain and other technologies.
- In the Union Budget of 2022-23, Railway got an investment of Rs. 2.38 lakh crore (US\$ 31.88 billion) and over 400 new high-speed trains were announced. The concept of "One Station, One Product" was also introduced.
- To boost competitiveness, Budget 2022-23 has announced reforming the 16-year-old Special Economic Zone (SEZ) act.
- In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected at 2% and 6%, respectively, in FY22.
- In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction, and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.
- Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Prime Minister of India Mr. Narendra Modi launched the Make in India initiative with an aim to boost the country's manufacturing sector and increase the purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the government has also come up with the Digital India initiative, which focuses on three core components: the creation of digital infrastructure, delivering services digitally, and increasing digital literacy.
- On January 29, 2022, the National Asset Reconstruction Company Ltd (NARCL) will acquire bad loans worth up to Rs. 50,000 crore (US\$ 6.69 billion) about 15 accounts by March 31, 2022. India Debt Resolution Co. Ltd (IDRCL) will control the resolution process. This will clean up India's financial system and help fuel liquidity and boost the Indian economy.

## **ROAD AHEAD**

In the second quarter of FY 2022-23, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2022. India's comparatively strong position in the external sector reflects the country's generally positive outlook for economic growth and rising employment rates. India ranked fifth in foreign direct investment inflows among the developed and developing nations listed for the first quarter of 2022. India's economic story during the first half of the current financial year highlighted the unwavering support the government gave to its capital expenditure, which, in FY 2022–23 (until August 2022), stood 46.8% higher than the same period last year. The ratio of revenue expenditure to capital outlay decreased from 6.4 in the previous year to 4.5 in the current year, signaling a clear change in favour of higher-quality spending. Stronger revenue generation as a result of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels. Despite the continued global slowdown, India's exports climbed at the second highest rate this quarter. With a reduction in port congestion, supply networks are being restored. The CPI-C and WPI inflation reduction from April 2022 already reflects the impact. In August 2022, CPI-C inflation was 7.0%, down from 7.8% in April 2022. Similarly, WPI inflation has decreased from 15.4% in April 2022 to 12.4% in August 2022. With a proactive set of administrative actions by the government, flexible monetary policy, and a softening of global commodity prices and supply-chain bottlenecks, inflationary pressures in India look to be on the decline overall.

(Source: <https://www.ibef.org/economy/indian-economy-overview>)

## **TEXTILE INDUSTRY**

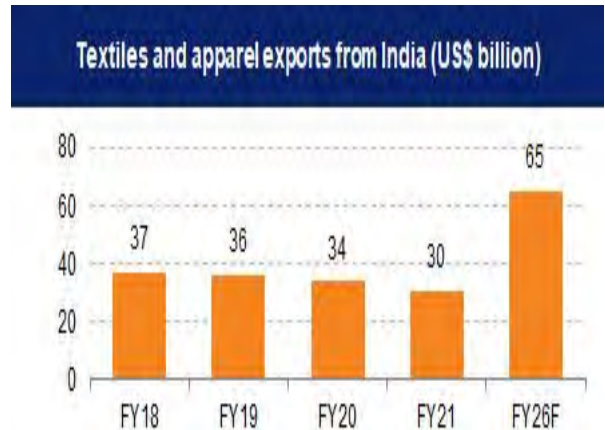
### **INTRODUCTION**

The Indian textile industry is the second largest producer of MMF Fibre after China. India is the 3rd largest exporter of Textiles & Apparel in the world. India's textiles and clothing industry is one of the mainstays of the national economy. The share of textile and apparel (T&A) including handicrafts in India's total merchandise exports stood at a significant 10.5% in 2021-22. India has a share of 4.6% of the global trade in textiles and apparel. Major textile and apparel export destinations for India are USA, EU-27 and UK, accounts for approximately 50% of India's textiles and apparel exports. The sector holds importance from the employment point of view as well. It provides direct and indirect employment and source of livelihood for millions of people including a large number of women and rural population. The sector has perfect alignment with Government's key initiatives of Make in India, Skill India, Women Empowerment and Rural Youth Employment. (Source: *Annual Report 2022-23, Ministry of Textile*). India's textile sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, with the capital-intensive sophisticated mills sector at the other end. The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool, to synthetic/man-made fibres like polyester, viscose, nylon and acrylic. The decentralized power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce a wide variety of products suitable for different market segments, both within India and across the world.

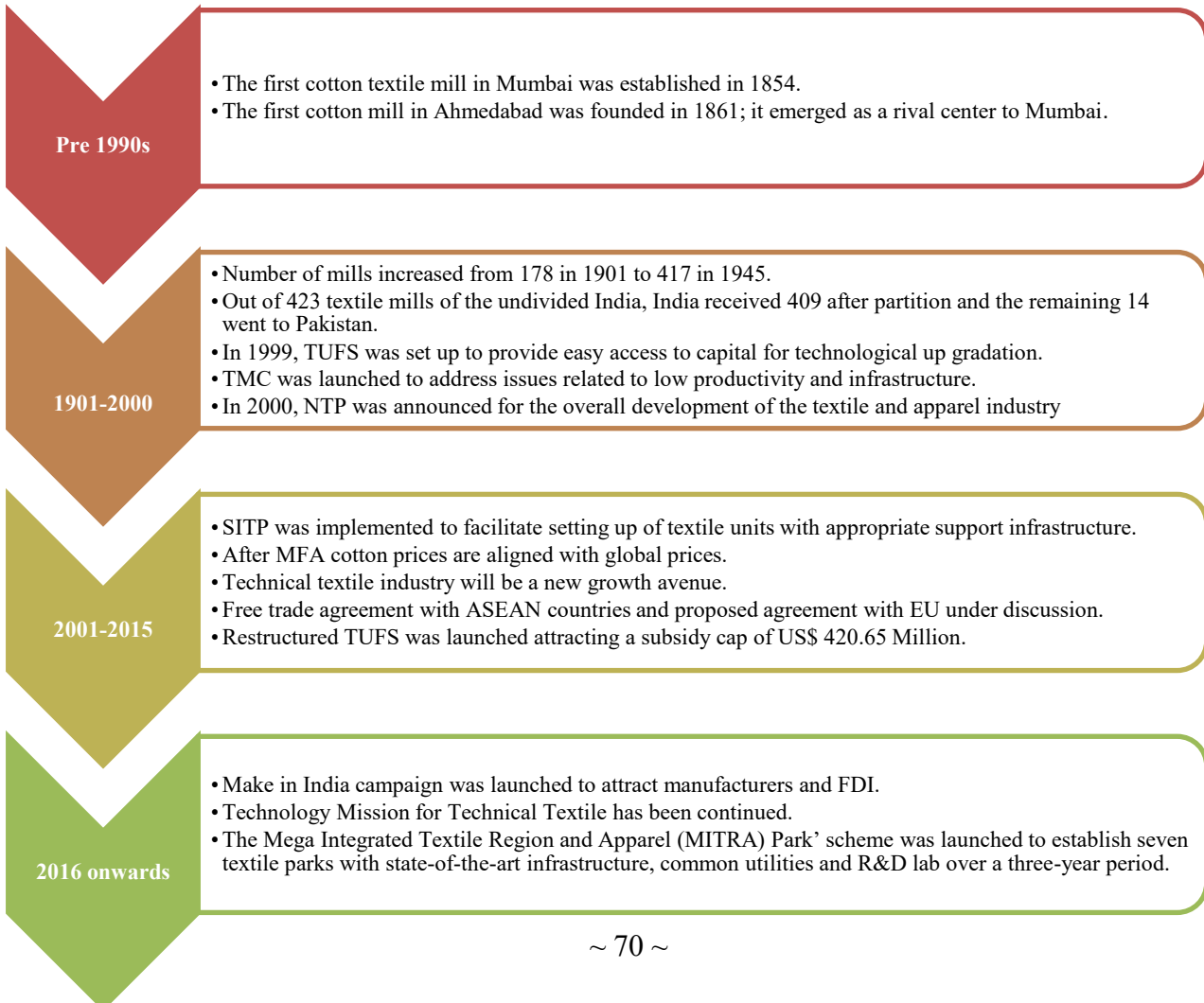


## MARKET SIZE

The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel. India is the world's largest producer of cotton. Estimated production stood at 362.18 lakh bales during cotton season 2021-22. Domestic consumption for the 2021-22 cotton season is estimated to be at 338 lakh bales. Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers. In FY23, exports of readymade garments (RMG) including accessories stood at US\$ 16.2 billion. It is expected to surpass US\$ 30 billion by 2027, with an estimated 4.6-4.9% share globally. Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while for yarn, the production stood at 4,762 million kgs during the same period. Natural fibres are regarded as the backbone of the Indian textile industry, which is expected to grow from US\$138 billion to US\$195 billion by 2025. India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. During April-November in FY23, the total exports of textiles stood at US\$ 23.1 billion. India's textile and apparel exports to the US, its single largest market, stood at 27% of the total export value in FY22. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22. India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.



## EVOLUTION OF INDIAN TEXTILE SECTOR



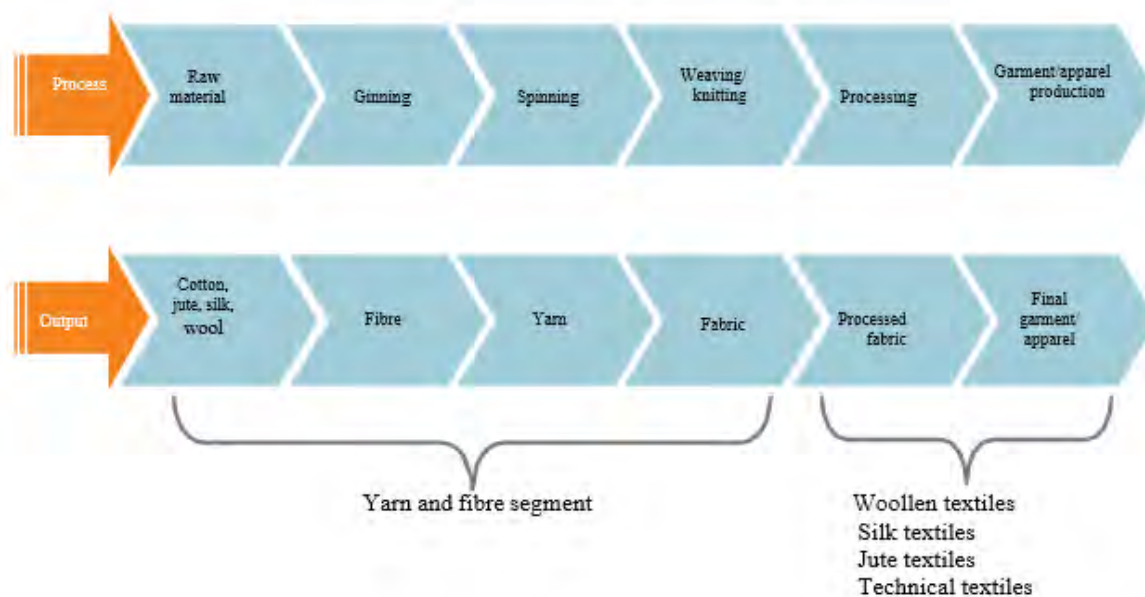
*Note: NTP - National Textile Policy; ASEAN - Association of Southeast Asian Nations, TUFSS - Technology Upgradation Fund Scheme; TMC Technology Mission on Cotton, EU - European Union*

*Source: Union Budget 2021-22, News Articles*

## KEY FACTS

The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool to synthetic/man-made fibres like polyester, viscose, nylon and acrylic.

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



*Source: Textile Ministry, Make in India*

## EXPORTS

India is the 3rd largest exporter of Textiles & Apparel in the world. India's textiles and clothing industry is one of the mainstays of the national economy. The share of textile and apparel (T&A) including handicrafts in India's total merchandise exports stood at a significant 10.5% in 2021-22. India has a share of 4.6% of the global trade in textiles and apparel.

Major textile and apparel export destinations for India are USA, EU-27 and UK, accounts for approximately 50% of India's textiles and apparel exports. The sector holds importance from the employment point of view as well. It provides direct and indirect employment and source of livelihood for millions of people including a large number of women and rural population. *(Source: Annual Report 2022-23, Ministry of Textile)*

## INVESTMENT AND KEY DEVELOPMENT

The industry (including dyed and printed) attracted foreign direct investment (FDI) worth US\$ 4.2 billion from April 2000 to March 2023. The textile sector has witnessed a spurt in investment during the last five years.

- In April 2022, Indo Count Industries bagged the home textile business of GHCL for US\$ 74.14 million.
- In March 2022, Reliance Retail Ventures Limited (RRVL) acquired a controlling share of Purple Panda Fashions for US\$ 115.8 million
- Sutlej Textiles plans to set up a green field project for 89,184 spindles comprising of cotton mélange yarn and PC grey yarn along with dye house in Jammu & Kashmir with an estimated cost of US\$ 111.41 million (Rs. 914 crore).
- Vardhman has established Vardhman ReNova, a cotton recycling facility with a six TPD production capacity. By establishing two new facilities in Madhya Pradesh, the company has also increased its capacity to produce yarn. With top-notch technology, the expansion includes over 100,000 spindles in total. This will result in a 75 TPD increase in yarn production capacity.
- The textile ministry has selected 61 companies, including Arvind Limited to enjoy benefits under its US\$ 1.3 billion (Rs. 10,683 crore) production-linked incentive (PLI) scheme for the labour-intensive textiles and garment sector. The companies have pledged to invest US\$ 2.32 billion (Rs 19,077) crore over five years under the scheme, which will lead to an incremental turnover of US\$ 22.55 billion (Rs 1.85 trillion) and direct employment generation for 240,000 people.
- Arvind Limited, the largest textile to technology conglomerate in India, and PurFi Global LLC, a sustainable technology firm that specialises in rejuvenating textile waste into virgin grade products, have formed a joint venture to reduce the quantity of textile waste dumped in landfills.
- In November 2022, local weavers in Tuensang in Nagaland were provided 45 days of skill-upgrading training, which would equal 315 hours under the SAMARTH programme.
- In 2022-23, the Sardar Vallabhbhai Patel International School of Textiles and Management (SVPISTM) is planning to offer B.Sc. and MBA courses in technical textiles.
- In November 2021, Federico Salas, the Mexican Ambassador to India, visited the Khadi India Pavilion at the India International Trade Fair 2021 and suggested that India and Mexico should come together to promote Khadi globally.
- Companies in home textile are using technology to optimise the value chain. For example, in October 2021, Welspun India introduced Wel-Trak 2.0—an upgraded, patented end-to-end traceability technology—to track textile raw materials throughout the supply chain.
- Home textile companies in India are also leveraging strategic partnerships to strengthen their business operations and foothold in the country.
- In October 2021, Welspun India collaborated with DuPont Biomaterials to introduce a home textile range and strengthen the company's sustainable textiles business.
- In May 2021, Indo Count Industries Ltd. (ICIL) announced an investment of Rs. 200 crore (US\$ 26.9 million) to expand its production capacity.
- In April 2021, RSWM Limited, flagship company of the US\$ 1.2 billion LNJ Bhilwara Group, was recognised for achieving the highest textile export turnover in 2020 by the Ministry of Industries & CSR, Government of Rajasthan.
- In April 2021, Bella Casa Fashion & Retail Ltd. (BCFRL) announced that it is expanding its two existing plants and adding one new facility to offer employment opportunities to 1,000 people. The expansion would involve a total investment of Rs. 65 crore (US\$ 8.63 million).

- Since 2014, 59 textile park projects have been sanctioned under SITP and PPP with 40% government assistance of up to Rs. 40 crore (US\$ 6 million). Of these, 24 textile parks are operational, as of July 2021.

## GOVERNMENT INITIATIVES

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

Other initiatives taken by the Government of India are:

- In June 2023, Government has approved R&D projects worth US\$ 7.4 million (Rs. 61.09 crore) in textile sector.
- In February 2023, the union government approved 1,000 acres for setting up a textile park in Lucknow.
- In February 2023, according to the Union Budget 2023-24, the total allocation for the textile sector was Rs. 4,389.24 crore (US\$ 536.4 million). Out of this, Rs. 900 crore (US\$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS), Rs. 450 crore (US\$ 54.99 million) for National Technical Textiles Mission, and Rs. 60 crore (US\$ 7.33 million) for Integrated Processing Development Scheme.
- In January 2023, Prime Minister Mr. Narendra Modi's vision of “ Khadi for Nation, Khadi for Fashion and Khadi for Transformation”, a first-ever spectacular ‘Khadi Fashion Show’ took place in white fields at ‘Rann of Kutch’. It was organized by the Khadi and Village Industries Commission. Khadi and Village Industries Commission (KVIC) achieved turnover of Rs.1.15 lakh crore (US\$ 14.68 billion) in FY22, a growth of 20.54% YoY, and more than any Indian FMCG company managed in FY22.
- In December 2022, a total of 44 R&D projects were started, and 23 of them were successfully completed. 9777 people were trained in a variety of activities relating to the silk industry.
- In December 2022, a total of US\$ 75.74 million (Rs. 621.41 crore) in subsidies was distributed in 3,159 cases under the Amended Technology Upgradation Fund Scheme, with special campaigns held in significant clusters to settle backlog cases.
- In December 2022, a total of 73,919 people (SC: 18,194, ST: 8,877, and Women: 64,352) have received training, out of which 38,823 have received placement under SAMARTH.
- The establishment of 7 (seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total investment of US\$ 541.82 million (Rs. 4,445 crore) for the years up to 2027–28 was approved by the government.
- In the academic year 2022–23, the opening of a new campus of the National Institute of Fashion Technology (NIFT) in Daman. Moreover, new campus buildings are being constructed in Bhopal and Srinagar.
- Under the National Technical Textile Mission (NTTM), 74 research projects for speciality fibre and technical textiles valued at US\$ 28.27 million (Rs. 232 crore) were approved. 31 new HSN codes have been developed in this space.
- In November 2022, Tamil Nadu Chief Minister Mr. M. K. Stalin announced the establishment of a "Textile City" in Chennai as part of Tamil Nadu's strategy to become a major participant in the global

textile industry. Additionally, the state will build a 1,500-acre textile park in the Virudhunagar district, for which SIPCOT will buy land.

- In June 2022, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated that the Indian government wants to establish 75 textile hubs, similar to Tiruppur, which will greatly increase employment opportunities while promoting the export of textile products and ensuring the use of sustainable technology.
- In June 2022, Amazon India signed a MoU with the Manipur Handloom & Handicrafts Development Corporation Limited (MHHDCL), a Government of Manipur entity, to encourage the development of weavers and artisans throughout the state.
- In June 2022, the Kerala government announced that it would provide free training to 1,975 candidates under the SAMARTH scheme of the textile industry.
- The Sustainable Textiles for Sustainable Development (SusTex) project by the United Nations Climate Change entity enhances the employment and working circumstances of textile artisans while promoting the sustainable production and use of environmentally friendly textiles.
- In May 2022, Minister of Micro, Small and Medium Enterprises, Mr. Narayan Rane, inaugurated the Center of Excellence for Khadi (CoEK) at NIFT, Delhi. In order to produce innovative fabrics and apparel that will meet the needs of both domestic and foreign consumers, the CoEK will seek to introduce the newest designs and adopt procedures that adhere to international standards.
- In April 2022, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Mr. Piyush Goyal, said that new Economic Cooperation and Trade Agreements with Australia and the UAE would open infinite opportunities for textiles and handloom. Indian textile exports to Australia and the UAE would now face zero duties, and he expressed confidence that soon Europe, Canada, the UK and GCC countries would also welcome Indian textile exports at zero duty.
- In March 2022, the Tamil Nadu government included a Sustainable Cotton Cultivation Mission in its agriculture budget by allocating US\$ 1.86 million (Rs 15.32 crore) to enhance the yield of organic cotton.
- In March 2022, the Ministry of Textiles, in collaboration with the Confederation of Indian Industries (CII), organized a day-long International Conference on Technical Textiles with the theme: Creating the Winning Leap in Technical Textiles.
- The Khadi and Village Industries Commission (KVIC) achieved turnover of Rs. 1.15 lakh crore (US\$ 14.68 billion) in FY22, a growth of 20.54% YoY, and more than any Indian FMCG company managed in FY22.
- The Government of India has earmarked a corpus of Rs. 1,000 crore (US\$ 127.72 million) dedicated for research and development of the technical textiles sector.
- In March 2022, the Bihar government submitted a proposal to the Ministry of Textiles to set up a mega hub under the PM Mitra Mega Textile Park.
- In March 2022, Tamil Nadu Chief Minister Mr. MK Stalin announced that the State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) will set up a mega textile park in the Virudhunagar district.
- Under the Union Budget 2022-23, the total allocation for the textile sector was Rs. 12,382 crore (US\$ 1.62 billion). Out of this, Rs.133.83 crore (US\$ 17.5 million) is for the Textile Cluster Development Scheme, Rs. 100 crore (US\$ 13.07 million) for the National Technical Textiles Mission, and Rs. 15

crore (US\$ 1.96 million) each for PM Mega Integrated Textile Region and Apparel parks scheme and the PLI Scheme.

- For export of handloom products globally, the Handloom Export Promotion Council (HEPC) is participating in various international fairs/events with handloom exporters/weavers to sell their handloom products in the international markets under NHDP.
- The Ministry of Textiles has also been implementing the Handloom Marketing Assistance (HMA), a component of National Handloom Development Programme (NHDP) all across India. HMA provides a marketing platform to the handloom weavers/agencies to sell their products directly to the consumers and develop and promote the marketing channel through organizing expos/events in domestic as well as export markets.
- In November 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated the desire to target a 3-5x time increase in the export of technical textiles worth US\$ 10 billion over the next three years.
- The Indian government has notified uniform goods and services tax rate at 12% on man-made fabrics (MMF), MMF yarns, MMF fabrics and apparel, which came into effect from January 1, 2022.
- Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, announced a mega handloom cluster in Manipur and a handloom and handicraft village at Moirang in Bishnupur. The mega cluster will be set up at an estimated cost of Rs. 30 crore (US\$ 4.03 million) under the National Handloom Development Programme (NHDP).
- In October 2021, IIT Delhi converted the SMITA Research Lab Centre of Excellence in smart textiles to work on emerging materials and technologies; this step was taken to innovate the country's textile industry.
- In October 2021, Minister for Commerce and Industry, Textiles, Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, announced the creation of 100 textile machinery champions in the country and to promote it in the global market. Through this, the government aims to make India a global player in textiles machinery.
- The Ministry of Textiles commenced an initiative to establish institutes under PPP to encourage private sector participation in the development of the industry. In August 2021, Flipkart and Himachal Pradesh State Handicrafts and Handloom Corporation Ltd. (HPSHHCL) signed a memorandum of understanding (MoU) to help the state's master craftsmen, weavers and artisans showcase their hallmark products on e-commerce platforms.
- As of June 30, 2021, 1.77 lakh weavers/artisans/handloom entities have been registered on the GeM portal. To support the handloom and handicrafts sector, the government has taken steps to onboard weavers/artisans on the Government e-Marketplace (GeM), provide a wider market, and enable them to sell products directly to various government departments and organizations.
- To support the handloom weavers/weaver entrepreneurs, the Weavers MUDRA Scheme was launched to provide margin money assistance at 20% of the loan amount subject to a maximum of Rs. 10,000 (US\$ 127.72) per weaver. The loan is provided at an interest rate of 6% with credit guarantee of three years.
- The Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd. (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power loom sector of India.

## GROWTH DRIVERS

1. Strong Fundamentals and policy support aiding growth
2. Foreign investment flowing into the sector
  - 100% FDI is permitted in the sector. Cumulative FDI inflows in the textiles sector (including dyed and printed textiles) stood at US\$ 4.2 billion between April 2000-March 2023.
  - The textiles industry in India is experiencing a significant increase in collaboration between global majors and domestic companies.
  - International apparel giants like Hugo Boss, Liz Claiborne, Diesel and Kanz have already started operations in India.
  - In April 2021, South Korea's textile major Youngone announced that it will start its operations within six months at Kakatiya Mega Textile Park in Warangal, providing employment to 12,000 people in the region.

## ROAD AHEAD

The future of the Indian textiles industry looks promising, buoyed by strong domestic consumption as well as export demand. The textile and apparel industry is expected to grow to US\$ 190 billion by FY26. India is working on various major initiatives to boost its technical textile industry. Owing to the pandemic, the demand for technical textiles in the form of PPE suits and equipment is on the rise. The government is supporting the sector through funding and machinery sponsoring.

Top players in the sector are achieving sustainability in their products by manufacturing textiles that use natural recyclable materials.

With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The growth in textiles will be driven by growing household income, increasing population and increasing demand by sectors like housing, hospitality, healthcare, etc.

Further, Under the Union Budget 2023-24, the government has allocated Rs. 4,389.24 crore (US\$ 536.4 million) to the Ministry of Textiles, Rs. 900 crore (US\$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS), Rs. 60 crore (US\$ 7.33 million) for Integrated Processing Development Scheme, Rs. 450 crore (US\$ 54.99 million) for National Technical Textiles Mission.

The technical textiles market for automotive textiles is projected to increase to US\$ 3.7 billion by 2027, from US\$ 2.4 billion in 2020. Similarly, the industrial textiles market is likely to increase at an 8% CAGR from US\$ 2 billion in 2020 to US\$ 3.3 billion in 2027. The overall Indian textiles market is expected to be worth more than US\$ 209 billion by 2029.

(Source: [https://www.ibef.org/download/1691985201\\_Textiles\\_and\\_Apparel\\_May\\_2023.pdf](https://www.ibef.org/download/1691985201_Textiles_and_Apparel_May_2023.pdf) &  
<https://www.ibef.org/industry/textiles>)

## **OUR BUSINESS OVERVIEW**

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 22, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 93 and 96, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.*

### **BRIEF ABOUT THE COMPANY**

Our Company was originally incorporated as Gupta Carpets Udyog Limited under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on January 21, 1984. Subsequently the name of our Company was changed from “Gupta Carpets Udyog Limited” to “GCUL Limited” and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on July 11, 1995. Thereafter the name of our Company was subsequently changed from “GCUL Limited” to “Ashnoor Textile Mills Limited” and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on April 29, 1999. The Registered office of our Company was shifted on October 24, 1996 to Behrampur, Khandsa Village, Gurgaon, Haryana - 122001, India.

### **OVERVIEW OF BUSINESS OF THE COMPANY**

Our Company started its operations to carry on the manufacturing and export of high-quality hand-knotted carpets for its consumers. Further, in order to expand its business verticals, the Company started the manufacturing and export of terry towels in FY 1994 along with hand-knotted carpets. Over time, the hand-knotted carpet industry faced severe recession, which ultimately led to unfavorable conditions for the business, and thus, the Company gradually discontinued its business of hand-knotted carpets and concentrated on manufacturing and exporting terry towels only. Today, the Company is engaged in supply of terry towels to medium to large size hotel chains.

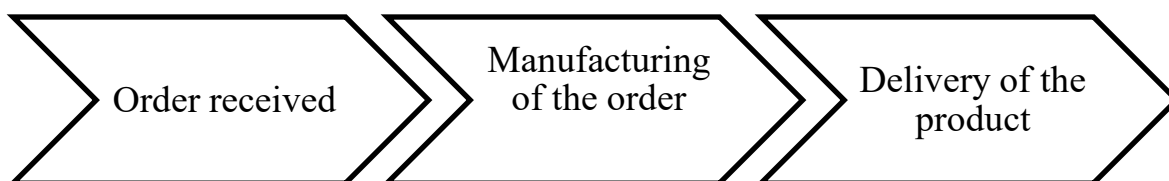
Our Company is primarily engaged in manufacturing terry towels to cater to the hospitality industry. It also manufactures colored towels as per the demand in the targeted market and all activities of the Company revolve around this main business as a single unit. Further there are no geographical segments as all the operations of the Company are in India only.

As on June 30, 2023, our Company has produced over 845 tons of terry towels. The Company constantly strives towards maintaining high sets of standards in all areas, whether be in combing the yarn or shipping towels overseas. More than 90% of the export sales are to USA. The products are sold to wholesalers in the USA, who further sell them to the Hotels which are basically the end users.

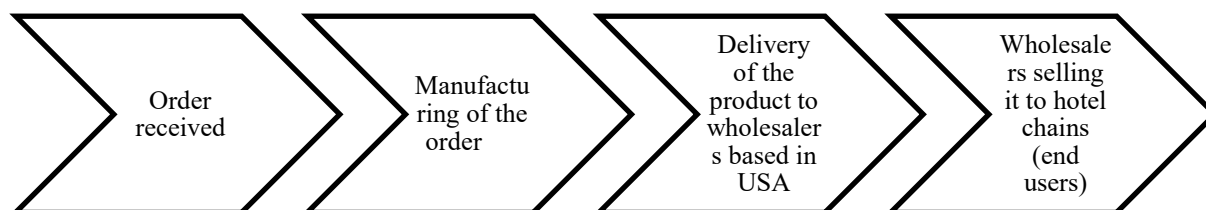


## PROCESS OF OUR BUSINESS

### 1. Within India



### 2. Outside India



The full production infrastructure of the terry towel manufacturing is available in-house with the Company's state of manufacturing facility. India is a cotton yarn surplus country which coupled with the cheap labor provides the competitive edge to the Indian terry towel industry. These macro factors enable the Company to price its products in a competitive manner in the export markets. The Company sells its product to the wholesalers based in USA and the wholesaler further sell it to the hotel chains, which are basically our end users.

## PRODUCTS AND SERVICES

Ashnoor manufactures mainly terry towels for the hospitality industry including medium to large size hotel chains. It provides a full range of towel products catered to the hospitality industry including white, colored, pool, kitchen towels etc.

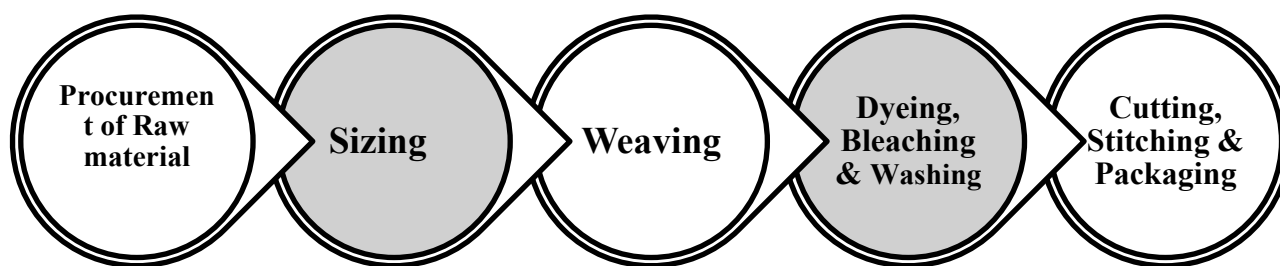
Towels are subject to changing fashions, and the market is constantly demanding new designs with improved fabric characteristics important to the consumer such as softness, absorbency and value features. Our Company is able to adapt to these continuous changes and demands and achieve customers' satisfaction through our ongoing market study and innovative techniques. We make high quality towels from basic to luxurious ones to cater to all customer segments. Our towel portfolio includes bath towels, kitchen towels, hand towels, bath mat and beach towels. We make such towels in variety of sizes depending upon customer requirements. In terms of technical design our towels can be bifurcated in two categories:



**Dobby Towels:** with minimalistic design are manufactured through Dobby Looms. Dobby towel varieties include doobby piece dyed solids and textures and doobby yarn-dyed stripes towels. We make Dobby Towels using all kinds of quality yarns.

## MANUFACTURING PROCESS

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



- i. **Procurement of Raw Material:** The main raw material of the product is cotton yarn, which is procured indigenously. Other key raw materials include dyes & chemicals of various types and packing material.
- ii. **Sizing:** White and colour-dyed towels are cut to the required sizes and hemmed at the long ends and sides.
- iii. **Weaving:** The yarn is weaved into towel rolls with the help of fully computerized automatic weaving looms.
- iv. **Dyeing, Bleaching & Washing:** Dyeing is a process of applying coloring matter directly on fiber without any additives. These towel rolls are dyed in the processing section of the plant. Further, bleaching is a process to make the fabric or yarn look brighter and whiter. These towel rolls are dyed in the processing section of the plant. Lastly, washing is done to modify the appearance, size, outlook and comfort ability. These towel rolls are dyed in the processing section of the plant.
- v. **Cutting, Stitching and Packing (CSP):** The processed towel rolls are cut into piece of desired sizes as per the buyers' requirements. The hems of the towels are folded and stitched. The labels/ swing tickets are also attached in this process and then these towels are folded for packaging. Thereafter, these towels are packed in Cartons (or) Pallets to scatter to Domestic (or) Export markets. It exclusively depends upon customer need and as per pre-agreed conditions and are ready to be delivered. The output is packed towels.

## QUALITY CONTROL AND TESTS AT EACH STAGE AT THE MANUFACTURING PROCESS

The raw materials procured and the finished products manufactured are checked and inspected by the Quality Control facility to ensure that the desired quality is achieved. All the units have comprehensive testing facilities for assessing the quality parameters of raw-material/inputs, in process materials and finished goods.

Corrective action, if any, is taken on the basis of the tests carried out to ensure that the final products adhere to the desired quality standards.

## **OUR COMPETITIVE STRENGTHS**

The prime strength of our Company lies in experience of the promoters who are in the same industry for more than last 20 years. The Company manufactures terry towels for which cotton is the prime raw material. India being a cotton abundant country, it provides competitive strength as compared to exporters from China. Apart from it, the quality of the Company is well established in the course of its exports during the last 15 years and it commands the name in the export market for production of terry towels.

### *Long standing relationship with our customers.*

Our Company believes that business is a by-product of relationships. The business model is based on client relationships that are established over a period of time rather than a project-based execution approach. Our Company believes that long-term client relationship fetches better dividends. Long-term relations are built on trust and continuous satisfaction of the customers. It helps us to understand the basic approach of our Company, its products and its market. It also forms the basis of further expansion for our Company, as we are able to monitor a potential product/ market closely. Our Company's clients are majorly the distributors and wholesalers in USA who in turn supply to the hotel chains.

### *Cost effective production and timely fulfilment of orders*

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

### *Quality standards and Assurance*

The success of our customers is dependent on the quality of our products. The Company's multi-pronged approach towards quality includes quality of work environment, technology and services offered. The Company conducts thorough quality check through in-depth testing and inspection based on customer requirements and international standards. The quality assurance measures taken by the Company include checking of all raw materials and production process and intensive care is taken to determine the standard of each and every inch of product dispatched.

### *Experienced and Qualified Management*

We are led by a group of individuals, having a proven background and rich experience in the Textile Industry. Our Promoter and Managing Director has an experience of more than two decades in the textile industry. He is actively involved in the strategic decision making for the Company, pertaining to corporate and administrative affairs, financial operations, expansion activities, quality control, business development and management of overall business. He has been instrumental in developing our business activities, growth and future prospects.

We have an experienced and professional management team with strong asset management, execution

capabilities and considerable experience in this industry. The team comprises of personnel having technical, financial, operational and business development experience. We have employed suitable technical and support staff to manage key areas of activities allied to operations. Our team is professionally qualified and experienced in the textile industry and has been responsible for the growth of our operations. We believe the stability of our management team and the industry experience brought in coupled with their strong repute, will enable us to continue to take advantage of future market opportunities and expand into new markets. As of June 30, 2023, we had 296 full-time employees.

#### Established Marketing Setup

Our Company has been producing terry towels since the year 1993. Over the years, we have established a strong customer base. Our Company has sufficient marketing expertise and regular export channels for exports primarily to USA.

#### Strong and diversified supplier base for sourcing of raw materials

Our Company has, over the years, developed a robust supply chain for the sourcing of the raw materials used in the manufacture of our products. The essential raw materials used in our manufacturing facilities include cotton yarn, Dyes, Chemicals of various types etc. Given that raw material expenses constitute a significant portion of our overall cost, we benefit majorly from a spread out and diversified supplier base. This enables us to negotiate favorable terms and even avail better discounts. Additionally, we believe that our diversified supplier base helps us in minimizing supplier risk on account of low supplier dependency.

Our cost of materials consumed, for the Fiscal 2023 and the three months ended June 30, 2023 was Rs. 15,068.93 Lakh and Rs. 2,630.60 Lakh, respectively. We do not have any long-term contracts with any of our raw material suppliers, however, we have maintained long-term relationships with our major suppliers. We believe our strong relationships with our raw material suppliers enable us to obtain good quality raw materials within the required timelines.

Our raw material prices vary from market to market, and our procurement team accordingly arbitrage in different markets to take possible advantage of such variations by purchasing more from the cheaper source. The final cost of our products is dependent on our ability to source raw materials at acceptable prices and to maintain a stable and sufficient supply of our raw materials. To this effect, we also maintain a robust database of our suppliers. We have a stringent vendor qualification process which enables us to keep a periodic check on our suppliers with regard to the quality of materials supplied and the corresponding prices. We use these details for negotiating purchases in the future and for quality claims, which we believe is a very important aspect of our business operations.

### **OUR BUSINESS STRATEGY**

#### To develop export opportunities for our products

We currently export our products mainly to USA and plan to further expand our export operations globally to strengthen our product infrastructure and overall manufacturing capabilities. India is one of the major exporters of Terry Towels products while developed economies such as US and Europe are major importers of such products. Our product portfolio is primarily focused on offering differentiated products based on customer's requirements. Through a combination of increased capacities, reduced costs, wider range of products and services adhering to global standards, marketing initiatives, competitive pricing and more

efficient use of our resources, we intend to expand our global footprint and become a preferred exporter.

#### *Enhanced focus on efficiency, cost and return on capital*

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

#### *Focus on Value Added Products*

We intend to continue innovation in Design and product development of Towels with more focus on our self-developed exceptional technology driven terry towels which provides better functionality & aesthetics on account of its superior quality. We are also intent to focus on providing sustainable range of Eco-friendly towels with Global Recycle Standard (GRS) certified Polyester Yarns & natural fibers.

#### *Maintain and Expand Long-term Relationships with Clients*

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

#### *Investing in Advanced Technology*

Our vertically integrated facilities are highly dependent on technology to ensure smooth and effective functioning, thereby making it conducive that we continue to modernize and upgrade the technology used by us. New technologies are constantly being developed for the various processes of manufacturing and we have invested in the latest available technology, plant and machinery to ensure that our manufacturing processes are up to date. We intend to continue upgrading our technology to keep ourselves competitive and efficient. During the year 2022-2023, we have installed additional 12 looms and other balancing infrastructure primarily to replace the old obsolete machinery and to modernize the overall plant of the Company.

#### *Leveraging of our Marketing Skills and Relationships*

We continue to enhance our business operations by ensuring that our network of customers increases through our marketing efforts. Our core competency lies in our deep understanding of our customers' buying preferences and behavior, which has helped us in achieving customer loyalty. We endeavor to continuously

improve the product-mix offered to the customers as well as strive to understand and anticipate any change in the expectation of our clients towards our products. We intend to strengthen our existing marketing team by inducting personnel with expertise in the textile industry, who will supplement our existing marketing strategies in the domestic and international markets. We have already established our self as a supplier and exporter of terry towels products in the international market, by supplying products in conformity with the international standards, which makes the quality of our products, our biggest marketing technique. Our international operations have enabled us to learn and follow the global trends, improve our efficiency, quality and trend analysis and better customer servicing, which shall in the future help us in penetrating global markets with a wide market reach.

Training and Motivation of the staff

Training is an investment employers make in their work force. We focus on training and motivation of our staff on continuous basis. We educate our staff about product and market knowledge. Our Company gives opportunity to employees to continue to grow and develop through such trainings. Our management and employees exchange their ideas, views and opinions and for maintaining good competitive work atmosphere at all levels.

Creativity

Our Company has always been driven by the quest to develop something new and constantly strives to develop better products which appeal to our constantly growing customer base. Also our company provides mix and match to attract our customers and dealers. Our Company’s forte lies in its ability to translate its vision into realities using, technology and personnel who successfully supervise each new venture undertaken.

**PLACES OF BUSINESS**

Details of places of business of our Company are as follows: -


S. No.	Category	Address	Leased/ Owned
1.	Registered Office/ Factory Unit	Behrampur, Khandsa Village, Gurgaon, Haryana-122001	Owned
2.	Branch Office	A 87, Ranjit Avenue, Amritsar, Punjab	Leased
3.	Branch Office	G11, B3-4, Surya Mansion, 1, Kaushalaya Park, Haus Khas , New Delhi	Owned

**Registered Domain Names Relating to Our Company:**

S. N.	Domain Name & ID	Sponsoring Registrar and IANA ID	Creation Date
1.	<a href="http://www.ashnoortex.com">www.ashnoortex.com</a>	GoDaddy.com, LLC IANA ID: 146	August 19, 2016

### Intellectual Property:

The Company has the following registered trademark:

r. No.	Brand Name/Logo/ Trademark	Class	Nature of Trademark	Owner	Application Number & date	Status
1.	Trademark	24	 <b>Ashnoor</b>	Ashnoor Textile Mills Limited	App. No. 4287827 Dated: September 09, 2019	Registered

### COLLABORATIONS/STRATEGIC PARTNERSHIP:

There are no Collaborations/ Strategic Partnerships made by the Company.

### PLANT AND MACHINERY

As on date of this Letter of Offer, the Company has installed following machineries:

S. No.	Machine Name	Machine Quantity
1.	Weaving Machine / Looms	66.00
2.	Sizing Machine	4.00
3.	Warping Machine	5.00
4.	Knotting Machine	3.00
5.	Pile Beam Lifting Trolley	2.00
6.	Grounf Beam Lifting Trolley	3.00
7.	Pallet Trolley	1.00
8.	Empty Beam Carrying Trolley	2.00
9.	Winding Machine	2.00
10.	Air Compressor	5.00
11.	Gray Folding Machine	1.00
12.	Dying Machine	8.00
13.	Hydro Machine	5.00
14.	Dryer Machine	5.00
15.	Stanter Machine	2.00
16.	Length Cutting Machine	2.00
17.	Length Hemming Machine	10.00
18.	Cross Cutting Machine	9.00
19.	Boiler	2.00
	<b>Total</b>	<b>137.00</b>

### CAPACITY INSTALLED AND CAPACITY UTILIZATION

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

Sr. No.	Address	Nature of Product	Category	Manufacturing / Storage Capacity (MT)	Utilized Capacity (MT)	% of Utilization
1.	Behrampur, Khandsa Village, Gurugram, Haryana-122001, India	Cotton	2020-21	4428	3367	76.05%
Terry		2021-22	5862	5702	97.17%	
Towels		2022-23	6600	3838	58.15%	

## TECHNOLOGY

Our Company is well-versed with textile technology as it is already operating in vertically integrated textile operations. The major plant and machinery for our Unit consists of Japanese weaving looms and other ancillary machinery including sizing machines, dyeing machines, stentors, tumblers, towel cutting machines, humidification plants, boilers, etc.

## SALES AND MARKETING

We have deployed a team of efficient and dedicated marketing professionals for the marketing and promotion of our products in the unorganized and organized sector of the textile industry. Our marketing team constantly monitors and scours the trends in the market. Regular interaction is required to maintain the client base and to gain insight into the design and specification needs of the diverse clientele in domestic and international markets.

We constantly seek to grow our product reach to underpenetrated geographies, increase the penetration of our products in markets in which we are currently present and widen the portfolio of our products available in those markets by growing our network. Our success is dependent on our ability to enter and expand our network in new markets which is further dependent on our familiarity with the economic condition, customer base and commercial operations in new regions. With limited presence, our ability to gain market share is also dependent on our ability to compete with companies that may have an existing strong presence.

However, we may not be successful in expanding our network or increasing our market presence. Further, we may also face disruptions in selling our products for various reasons such as transportation bottlenecks, raw material inaccessibility, competition activities, labor issues, natural disasters, absence of professional & technical expertise, etc. which may result in disruptions to our business.

## HUMAN RESOURCES

Our Company understands that its key differentiator is derived from the collective strength of its human capital. The Company takes multiple initiatives to strengthen its people capital. This includes sharpening of skills at regular intervals through well-defined learning and development initiatives and a host of employee engagement policies. As on the date of this Letter of Offer, we have employed 296 Employees, including senior management personnel and Skilled & Semi-Skilled Staff. We have employed a prudent mix of the experienced staff and youth which gives us the dual advantage.



<b>Sr. No.</b>	<b>Category</b>	<b>No. of Employees</b>
1.	Senior Management Personnel	13
2.	Skilled & Semi-Skilled Staff	283
<b>Total</b>		<b>296</b>

A healthy and safe environment is a pre-requisite for a company's people capital to thrive. It offers various health schemes, camps and voluntary movements to its employees and their families. The company has laid down foundations for a quality-centric work culture by involving its employees and ensuring a decent work environment.

Ashnoor encourages open collaboration, engagement and involvement. The Company believes in providing equal opportunity and ensures a fair and diverse work environment. Diversity and Inclusion are important aspects of sustainable business growth and we call this the 'winning balance'.

The Company regularly imparts training to improve skills of its people. The Company has created an environment that fosters learning and development. The Company enjoys outstanding relations with its workers and staff. It has excellent co-operation and support from the entire hierarchy of well-trained and experienced personnel.

## **INSURANCE**

Operating our business involves many risks, which, if not insured, could adversely affect our business and results of operations. We maintain insurance coverage that we consider customary in the industry against certain of the operating risks. Our insurance policies include Vehicle insurance policy and policy for insurance for machinery and stocks. We believe that our current level of insurance is adequate for our business and consistent with industry practice. We may not be able to obtain insurance coverage in the future to cover all risks inherent in our business, or insurance, if available, may be at rates that we do not consider to be commercially reasonable.

## **CORPORATE SOCIAL RESPONSIBILITY**

We as a responsible corporate citizen are committed to take up projects, as part of our Corporate Social Responsibility ("CSR") initiatives. In F.Y. 2021-22, we have constituted CSR committee as per the applicable Act. Our CSR policy defines the framework for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder.

## **HEALTH AND SAFETY**

The Company's standards for quality, safety, training, development, health and environment have always been kept at the highest level of importance. The Company has been employing the use of data analytics and latest software to continuously upgrade and maintain its safety and quality parameters. The Company facilities reinforce its commitment to providing a safe and reliable workplace to its employees. The usage of Personal Protective Equipment (PPE) and safety awareness of every employee is vital to an injury, hazard and accident free workplace. Hence, the Company focuses significantly on improving the efficiency of the operations through implementation of innovative technologies, and the use of global best practices to minimize its impact on the environment. The company continues to carry out comprehensive reviews of its health and safety principles and put in place improvement measures to ensure compliance with international standards.

## MAJOR EVENTS AND MILESTONES

- During the year 2020-21, the Company had incurred a capital expenditure of Rs. 381.34 Lakh for the installation of 6 imported weaving looms and other balancing infrastructure to increase the capacity in order to meet the pent-up demand for Company's product after the COVID-19.
- During year 2021-22, the revenue from operations of the Company and Profit after Tax grew by 121.47 % and by 65.18% respectively post COVID-19.
- During year 2021-22, the Company incurred a capital expenditure of Rs. 1,095.52 Lakh financed by terms loans by Bank of Baroda and internal accruals to increase the manufacturing capacity by way of installation of 12 imported looms and other balancing infrastructure.
- During the year 2022-23, the company incurred a capital expenditure of Rs. 960.39 Lakh to install additional 12 looms and other balancing infrastructure primarily to replace the old obsolete machinery and modernize the overall plant of the company.

## OUR MANAGEMENT

Our Articles of Association require us to have not less than Three (03) and not more than Fifteen (15) Directors. As on the date of this Letter of Offer, our Board comprises of Eight (8) Directors, which includes, one (01) Managing Director, two (02) Whole Time Directors, one (1) Non-Executive Director and four (04) Independent Directors, including one (01) woman director. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

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

S. No.	Name, designation, address, date of birth, DIN, term, period of directorship, occupation, and Nationality	Age (in years)	Other directorships
1.	<b>Mr. Suneel Gupta</b> <b>Designation:</b> Managing Director <b>Address:</b> W-3/1, Western Avenue, 79-A Sainik Farms, Pushpa Bhawan, Delhi – 110062, India <b>Date of Birth:</b> 07/01/1961 <b>DIN:</b> 00052084 <b>Date of expiration of current Term:</b> 09-01-2026 <b>Period of Directorship:</b> 39 years <b>Occupation:</b> Business <b>Nationality:</b> Indian	62	None
2.	<b>Dr. (Mrs.) Sangeeta Gupta</b> <b>Designation:</b> Whole Time Director <b>Address:</b> W-3/1, Western Avenue, 79-A Sainik farms, Pushpa Bhawan, Delhi – 110062, India <b>Date of Birth:</b> 12/01/1961 <b>DIN:</b> 00052121 <b>Date of expiration of current Term:</b> 30-04-2026 <b>Period of Directorship:</b> 29 years <b>Occupation:</b> Business <b>Nationality:</b> Indian	62	None
3.	<b>Mr. Abhinav Gupta</b> <b>Designation:</b> Whole Time Director <b>Address:</b> W-3/1, Western Avenue, 79-A Sainik farms, Pushpa Bhawan, Delhi – 110062, India <b>Date of Birth:</b> 03/08/1991 <b>DIN:</b> 02766867 <b>Date of expiration of current Term:</b> 31-01-2025 <b>Period of Directorship:</b> 13 years <b>Occupation:</b> Business <b>Nationality:</b> Indian	32	1. Ashnoor Global LLC ,USA 2. Thirds Base Capital LLC, USA
4.	<b>Ms. Noor Gupta</b> <b>Designation:</b> Non-Executive Director <b>Address:</b> W-3/1, Western Avenue, 79-A Sainik farms, Pushpa Bhawan, South Delhi, Delhi – 110062, India	30	None

S. No.	Name, designation, address, date of birth, DIN, term, period of directorship, occupation, and Nationality	Age (in years)	Other directorships
	<b>Date of Birth:</b> 20/04/1993 <b>DIN:</b> 03611790 <b>Date of expiration of Current Term:</b> Liable to retire by Rotation <b>Period of Directorship:</b> 5 years <b>Occupation:</b> Business <b>Nationality:</b> Indian		
5.	<b>Mr. Anil Aggarwal</b> <b>Designation:</b> Non-Executive Independent Director <b>Address:</b> B-382, Ranjit Avenue Amritsar Punjab – 143001, India <b>Date of Birth:</b> 13/04/1965 <b>DIN:</b> 00224118 <b>Date of expiration of current Term:</b> 30-09-2025 <b>Period of Directorship:</b> 7 years <b>Occupation:</b> Business <b>Nationality:</b> Indian	58	1. Shubham Stock Broking Services Private Limited 2. Shubham Fintech Services Private Limited
6.	<b>Mr. Naresh Kumar Aggarwal</b> <b>Designation:</b> Non-Executive Independent Director <b>Address:</b> 415 Fatehgarh Churiyan Road, Akash Avenue, Amritsar-1, Punjab – 143001, India <b>Date of Birth:</b> 01/09/1969 <b>DIN:</b> 00224371 <b>Date of expiration of current Term:</b> 26-02-2026 <b>Period of Directorship:</b> 2 years <b>Occupation:</b> Professional <b>Nationality:</b> Indian	53	None
7.	<b>Mr. Sanjay Arora</b> <b>Designation:</b> Non-Executive Independent Director <b>Address:</b> Bagichi Sobha Ram, O/s Lohgarh Gate, Amritsar, Punjab – 143001, India <b>Date of Birth:</b> 18/09/1967 <b>DIN:</b> 07815311 <b>Date of expiration of current Term:</b> 31-05-2027 <b>Period of Directorship:</b> 6 years <b>Occupation:</b> Professional <b>Nationality:</b> Indian	55	None
8.	<b>Ms. Divya Agarwal</b> <b>Designation:</b> Non-Executive Independent Director <b>Address:</b> B-IV-164, Mahian Street, Chaura Bazar, Ludhiana, Punjab – 141008, India <b>Date of Birth:</b> 26/02/1988 <b>DIN:</b> 08016384 <b>Date of expiration of current Term:</b> 08-12-2027 <b>Period of Directorship:</b> 5 years	35	None

S. No.	Name, designation, address, date of birth, DIN, term, period of directorship, occupation, and Nationality	Age (in years)	Other directorships
	<b>Occupation:</b> Business <b>Nationality:</b> Indian		

### **Brief profile of our Directors**

#### **Mr. Suneel Gupta**

##### **Chairman and Managing Director**

Mr. Suneel Gupta, is the founder member of the Company. He has done MBA from Rajasthan University. He has rich experience of 39 years in the textile industry. He is the guiding force behind Ashnoor Textile and has expert knowledge of administration, production, purchases, and logistics.

#### **Dr. (Mrs.) Sangeeta Gupta**

##### **Whole Time Director**

Mrs. Sangeeta Gupta is MBBS and has been associated with the Company since 1994. She is actively involved in managing the Company and is an expert in administration.

#### **Mr. Abhinav Gupta**

##### **Whole Time Director**

Mr. Abhinav Gupta is a Graduate from Boston University, USA. He has been associated with the Company since October 2009. He is a visionary entrepreneur and has expert knowledge of sales and marketing. Also, he has an excellent knowledge of USA market.

#### **Ms. Noor Gupta**

##### **Non-Executive Non-Independent Director**

Ms. Noor Gupta has done Masters in Entrepreneurship from City University of London, UK. She has been associated with the Company since 2017. She is an expert in business administration.

#### **Mr. Anil Aggarwal**

##### **Non-Executive Independent Director**

Mr. Anil Aggarwal is a fellow member of the Institute of Company Secretaries of India having experience of more than 30 years in various fields and having skilled knowledge of Corporate Law, Corporate Governance, Finance, Accounts and Investment. He is associated with the Company from 2015.

#### **Mr. Naresh Kumar Aggarwal**

##### **Non-Executive Independent Director**

Mr. Naresh Kumar Aggarwal is a Chartered Accountant in Practice having expert knowledge in accounting, auditing, financing, taxation and related fields. He has been associated with the Company since 2021.

#### **Mr. Sanjay Arora**

##### **Non-Executive Independent Director**

Mr. Sanjay Arora is Chartered Accountants in Practice having expert knowledge in accounting, auditing, financing, taxation and related fields. He has been associated with the Company since 2017.

**Ms. Divya Aggarwal****Non-Executive Independent Director**

Ms. Divya Aggarwal is Chartered Accountants and having expert knowledge Finance, Accounts and Company Law. She has been associated with the Company since 2017.

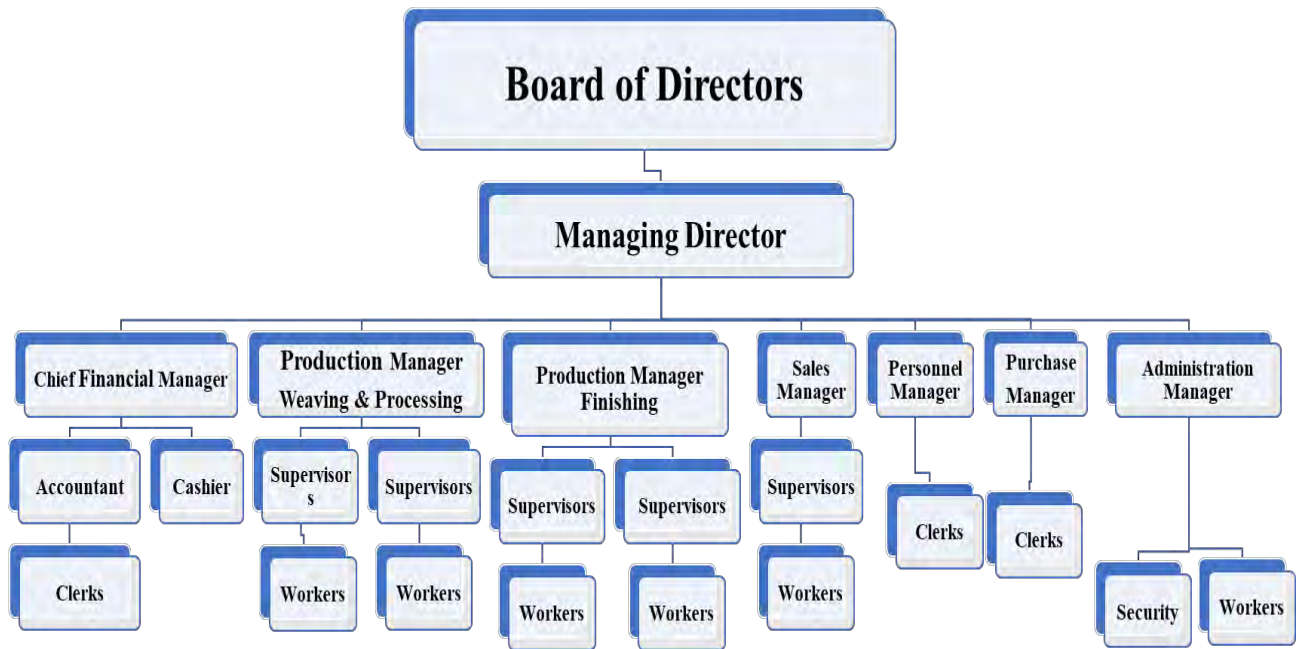
**Details of Senior Management and KMP**

In addition to our Managing Director and Whole-Time Director, set forth below are the details of our Key Managerial Personnel and senior management as on the date of filing of this Letter of Offer:

S. No.	Name	Designation	Age (Years)	Qualification	Experience	Area of Expertise
1	Mr. Suneel Gupta	Chairman & Managing Director	62	MBA in Business and Marketing from Rajasthan University	More than 39 Years	Overall management of the affairs of the Company and making operational critical decisions.
2	Ms. Yashima Saluja	Company Secretary & Compliance Officer	36	Members of Institute of Company Secretaries of India	More Than 8 Years	Secretarial, Legal and Corporate Governance
3	Mr. Girish Singh Adhikari	Chief Financial Officer	42	MBA in Finance from Karnataka State Open University	More than 13 Years	Accounts, Finance and Taxation
4	Mr. Abhijit Chowdhary	Production-Manager	52	Bachelor of Arts from Calcutta University	More than 29 Years	Specialization in Towel Weaving and Processing
5	Ms. Aarti Bhat	Production Manager	35	12 <sup>th</sup> Pass	09 years	Specialization in Finishing process
6	Mr. Aditya Kumar	Sales Manager	35	MBA in International Business Marketing (IMS-Sector -62 Noida)	More than 10 Years	Export Marketing and Merchandising

All are Key Managerial Personnel and senior management are permanent employees of our Company. The aforementioned Key Managerial Personnel are also the key managerial personnel of our Company pursuant to the Companies Act, 2013.

## Organizational Structure



### Confirmations:

1. None of our Directors' is or was a director of any listed company during the last five years immediately preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any stock exchanges, during the term of their directorship in such company.
2. None of our Directors, is or was a director of any listed company which has been or was compulsorily delisted from the stock exchanges, during the term of their directorship in such company, in the last 10 years immediately preceding the date of filing of this Letter of Offer.

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## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

S. No.	Details	Page Number
1	Independent Auditor's Report on Annual Financial Results for the year ended March 31, 2023, of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (as amended).	F 1 to F 36
2	Auditor's Report on Financial Results for the year quarter ended at June 30, 2023, of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (as amended).	F 37 to F 56
3	Limited Review Report on Financial Results for the nine months ended at December 31, 2023, of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 (as amended).	F 57 to F 62

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF  
ASHNOOR TEXTILE MILLS LIMITED**

**Report on the standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Ashnoor Textile Mills Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss, the Statement of Changes in Equity and the statement of Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit, changes in equity) and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Information other than the Financial Statements and Auditors' Report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibility of Management for the Standalone financial statements**

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

**Auditor's Responsibility for the Audit of the Standalone financial statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from



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fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act 2013, we give in the Annexure-A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



**As required by Section 143 (3) of the Act, we report that:**

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has mentioned details of pending litigations in Note No- 17 of Standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate



- Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- v. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- vi. Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) contain any material mis-statement.
- vii. The company has not declared or paid any dividend during the year as per provisions of section 123 of the Companies Act, 2013.
- viii. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For KSA & Co.  
Chartered Accountants  
(Firm's Registration No. 003822C)



**RASMI RANJAN JATI**  
Partner  
Membership Number: 511397  
UDIN: 23511397BGXYKT3967  
Place: New Delhi  
Date: May 30, 2023

**ANNEXURE A TO THE AUDITORS' REPORT**

**Report on the Internal Financial Controls Under Clause (I) of sub section (3) of Section 143 of The Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Ashnoor Textile Mills Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with Guidance Note of Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about adequacy of the internal financial controls over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Control over Financial Reporting**

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

### **Opinion**

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note of Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For KSA & Co.**  
**Chartered Accountants**  
**(Firm's Registration No. 003822C)**



**RASMI RANJAN JATI**  
**Partner**  
**Membership Number: 511397**  
**UDIN: 23511397BGXYKT3967**  
**Place: New Delhi**  
**Date: May 30, 2023**

**ASHNOOR TEXTILE MILLS LIMITED**

**BALANCE SHEET AS AT MARCH 31, 2023**

PARTICULARS	NOTE NUMBER	As At 31-03-2023 ₹ In Lakh	As At 31-03-2022 ₹ In Lakh
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>(a) Property, Plant &amp; Equipment and Intangible Assets</b>			
(i) Property, Plant and Equipment	2	4,286.66	3,730.00
<b>(b) Financial Assets</b>			
(i) Investments	3	92.96	82.39
<b>(c) Other Non Current Assets</b>			
	4	126.41	131.01
<b>Current Assets</b>			
<b>(a) Inventories</b>			
	5	3,555.39	3,871.15
<b>(b) Financial Assets</b>			
(i) Investments	6	1,276.67	197.12
(ii) Trade Receivables	7	3,017.75	6,967.58
(iii) Cash and Cash Equivalents	8	285.62	851.25
(iv) Other Bank Balances	9	94.37	64.44
<b>(d) Other Current Assets</b>			
	10	1,091.60	2,023.16
<b>Total Assets</b>		<b>13,827.44</b>	<b>17,918.11</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity Share Capital	11	1,273.95	1,273.95
(b) Other Equity	12	4,388.01	3,775.58
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	13	2,657.48	2,694.36
(b) Provisions	14	88.60	54.59
(c) Deferred Tax Liability (Net)	15	359.71	327.92
(d) Other Non-Current Liabilities	16	32.55	32.55
<b>Current Liabilities</b>			
<b>(a) Financial Liabilities</b>			
(i) Borrowings	17	4,434.34	7,077.74
(ii) Trade Payables	18		
(a) total outstanding dues of MSME			
(b) total outstanding dues of other than MSME		276.58	2,004.33
<b>(b) Other Current Liability</b>			
	19	142.46	305.72
<b>(c) Provisions</b>			
	20	173.75	371.36
<b>Total Liabilities</b>		<b>13,827.44</b>	<b>17,918.11</b>
Notes on Financial Statement	2 to 48		
Significant Accounting Policies	1		

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For KSA & Co.

Chartered Accountants

Firm Registration Number: 003822C

RASMI RANJAN JAIN

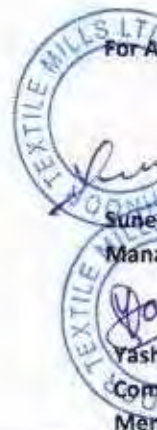
Partner

Membership Number: 511397

UDIN: 23511397BGXYKT3967

Place: New Delhi

Date: May 30, 2023

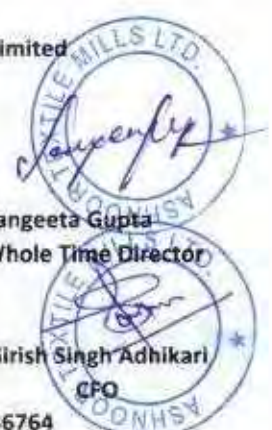


For Ashnoor Textile Mills Limited

Suneel Gupta  
Managing Director

Yashima Saluja  
Company Secretaries

Membership Number : A36764



Sangeeta Gupta  
Whole Time Director

Girish Singh Adhikari  
CFO



**ASHNOOR TEXTILE MILLS LIMITED**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023**

PARTICULARS	NOTE NUMBER	Year Ended March 31, 2023 ₹ In Lakh	Year Ended March 31, 2022 ₹ In Lakh
<b>INCOME</b>			
(I) Revenue from Operations			
(a) Sale of Products	21	17,557.60	26,110.29
(b) Sale of Service		137.86	75.44
(II) Other Income	22	83.37	46.48
<b>Total Income</b>		<b>17,778.83</b>	<b>26,232.21</b>
<b>(III) Expenses</b>			
(a) Cost of Material Consumed	23	15,068.93	18,624.35
(b) Purchase of Stock-in-Trade	24	96.10	2,489.31
(c) Change in Inventory of finished, work-in-progress and stock-in-trade	25	(650.85)	547.23
(d) Employee Benefit Expenses	26	218.19	180.96
(e) Finance Costs	27	441.15	353.86
(f) Depreciation Expenses	2	391.70	368.60
(g) Other Expenses	28	1,432.43	2,461.40
<b>Total Expenses</b>		<b>16,997.65</b>	<b>25,025.72</b>
(IV) Profit Before Exceptional and Extraordinary Items and Tax		<b>781.18</b>	<b>1,206.49</b>
(V) Extra Ordinary Items	29	16.04	(4.45)
(VI) Profit Before Tax		<b>797.23</b>	<b>1,202.04</b>
(VII) Tax Expenses			
(a) Current Tax		(135.00)	(305.00)
(b) Deferred Tax		(31.79)	(1.50)
(c) MAT Credit Written Off		(18.01)	-
(VIII) Profit For the Year		<b>612.43</b>	<b>895.53</b>
(IX) Earning Per Equity Share			
(a) Basic Earning Per Share		4.80	7.03
(b) Diluted		4.80	7.03
(c) Weighted Average Number of Equity Shares		12,745,849	12,745,849
(X) Notes on Financial Statements	2 to 48		
(XI) Significant Accounting Policies	1		

The accompanying notes form an integral part of the standalone financial statements.  
As per our report of even date attached

For KSA & Co.

Chartered Accountants

Firm Registration Number: 003822C

RASMI RANJAN JATI

Partner

Membership Number: 511397

UDIN: 23511397BGXYKT3967

Place: New Delhi

Date: May 30, 2023



For Ashnoor Textile Mills Limited

Suneel Gupta

Managing Director

Yashima Saluja

Company Secretaries

Membership Number : A36764




Sangeeta Gupta

Whole Time Director

Girish Singh Adhikari

CFO




**ASHNOOR TEXTILE MILLS LIMITED**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023**

S.No.	PARTICULARS	31-03-2023 ₹	31-03-2022 ₹
A.	CASH FLOW FROM OPERATING ACTIVITIES	Column1	Column2
	Net Profit/(Loss) Before Tax and Extraordinary Items	781.18	1,206.49
	Adjustments for :		
	Depreciation	391.70	368.60
	Other Income	15.47	3.21
	Interest Paid	415.59	353.25
	Profit on Sale of Assets	16.04	(4.45)
	Operating Profit Before Working Capital Changes	1,556.95	1,929.59
	Adjustments for:		
	Trade and Other Receivables	4,886.00	(3,578.19)
	Inventories	315.76	(416.95)
	Trade Payments and Liabilities	(2,022.81)	861.69
	Cash Generated from Operations	4,735.90	(1,203.85)
	Interest Paid	415.59	353.25
	Net Gain/Loss on Foreign Currency Transactions	378.93	510.16
	Income Tax, Deferred and MAT	184.80	306.50
	CASH FLOW BEFORE EXTRAORDINARY ITEMS	4,514.44	(1,353.45)
	Extraordinary Items	16.04	(4.45)
	Net Cash from Operating Activities	4,530.49	(1,357.90)
B.	CASH FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	960.39	1,095.52
	Sale of Fixed Assets	28.08	5.31
	Investments	(1,090.12)	(148.31)
	Interest and Other Income	(363.46)	(506.95)
	Net Cash from Investing Activities	(2,385.89)	(1,745.46)
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds from Issue of Share Capital/Share Application	-	-
	Proceeds from Long Term Borrowings	(36.88)	1,626.64
	Proceeds from Other Borrowings	(2,643.40)	2,249.73
	Public Issue and Other Expenses	-	-
	Net Cash from Financing Activities	(2,680.28)	3,876.38
D.	NET INCREASE IN CASH AND CASH EQUIVALENTS	(535.69)	773.01
	Opening Balance of Cash and Cash Equivalents	915.69	142.68
	Closing Balance of Cash and Cash Equivalents	379.99	915.69

The accompanying notes form an integral part of the standalone financial statements.

As per our report of even date attached

For KSA & Co.

Chartered Accountants



RASMI RANJAN JATI

Partner

Membership Number: 511397

UDIN: 23511397BGXYKT3967

Place: New Delhi

Date: May 30, 2023

For and on behalf of the Board



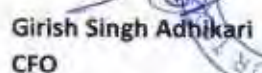
Suneel Gupta  
Managing Director



Yasbima Saluja  
Company Secretaries  
Membership Number : A36764



Sangeeta Gupta  
Whole Time Director



Girish Singh Adhikari  
CFO

## NOTE NO – 1

### SIGNIFICANT ACCOUNTING POLICIES

#### a) **Corporate Information**

Ashnoor Textile Mills Limited "the Company" was incorporated on January 21, 1984 under the Companies Act 1956. The registered office of the Company is located at Behrampur, Khandsa Village, Gurgaon Haryana- 122001. The main objective of the Company is to manufacture and export of white terry towel.

#### b) **Basis of Preparation and Presentation**

- i. The financial statements have been prepared on the historical cost and accrual basis of accounting and are in compliance with the Indian Accounting Standards (referred to as "Ind AS") notified under section 133 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended) and applicable provisions of the Companies Act, 2013.
- ii. Upto the year ended March 31, 2017, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 and considered as "Previous GAAP".
- iii. These financial statements are the Company's first Ind AS standalone financial statements. Company's financial statements are presented in Indian Rupees (₹), which is also its functional currency.

#### c) **Property, plant and equipment**

- i. Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets.
- ii. 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 entity and the cost can be measured reliably.
- iii. Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work - in - Progress.

#### d) **Depreciation**

- i. Depreciation on Fixed Assets has been provided on Straight Line Method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013..
- ii. Depreciation on additions to fixed asset during the year has been provided on pro rata basis from the date of such addition.
- iii. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from derecognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying



amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognized.

- v. Depreciation on amount, added to/reduced from the cost of asset consequent to increase/decrease in liability towards creditors for capital goods, due to change in foreign exchange rate, is provided prospectively for the remaining life of the assets at the rates on which concerned asset has been depreciated so far.

**e) Impairment of Assets**

The **Carrying** amounts of assets are reviewed at each balance sheet if there is any indication of impairment based on internal/external factors. If any indications exist the recoverable value of assets is estimated. An Impairment loss is recognized whenever the carrying amount of an assets is exceeds its recoverable amount, the latter being greater of net selling price and value in use.

**f) Capital Work in Progress**

Expenditure incurred during construction period on Survey/ Studies/ Investigation/ Consultancy/ Administration/ Depreciation/ Interest etc and other expenditures during construction period is capitalized and treated as Capital-work-in-progress.

**g) Use of Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

**h) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits. The Company considers cash equivalents as all short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**i) Cash Flow Statement**

Cash flow Statement is prepared in accordance with the indirect method, whereby net profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated.

**Finance Cost**

- i. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.
- ii. Interest income earned on the temporary investment-of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.



- iii. All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

**k) Inventories**

- i. Inventory of raw material, packing material, fuels, consumables, dyes and chemicals, are valued on Lower of Cost and Net Realizable Value. Cost is calculated on First in First out (FIFO) basis of costing and is net of subsequently recoverable duties and taxes.
- ii. Stock in progress is valued at Lower of Cost and Net Realizable Value. Costs include raw material cost, ascertained on the basis of average cost of purchases, and direct cost incurred up to the stage of production of Grey Yarn, processing and fabrication. Inventory lying for more than six months is valued at half of cost of production.
- iii. Finished goods are valued at Lower of Cost and Net Realizable Value. Cost includes raw material cost, ascertained on the basis of average cost of purchases, and direct cost. Old inventory lying for more than six months is valued at half of cost of production. Inventory of rejected finished goods is valued at Net Realizable Value.
- iv. Inventory of carpets and trading items is valued on lower of cost and net realizable value.
- v. Inventory of waste is valued on net realizable value.
- vi. Stores and Spares are charged to expenses on purchase and no inventory is maintained.

**l) Investments**

Long Term investments are valued at cost. Provision for decrease in market value of the short-term investment is created in the books as unrealized losses.

**m) Retirement Benefits**

Retirement benefits have been accounted for on accrual basis. Provision of Gratuity is created for the employees who became eligible after completing five years of services under the Payment of Gratuity Act, 1972. Provision of Gratuity has not been provided on the managerial remuneration.

**n) Provisions, contingent liabilities and contingent assets**

- i. A provision is recognized when an enterprise has a present obligation as a result of past event; 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 are not discounted to its present value and are determined based on best estimate required to settle the obligation at balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- ii. Where it is not probable that an outflow of economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability in notes to accounts, unless the probability of outflow of economic benefits is remote.
- iii. Contingent Assets are not recognised in the financial statements but are disclosed, where an inflow of economic benefit is probable. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.



**o) Revenue Recognition**

- i. Sale is recorded on CIF value inclusive of freight, insurance and excise duty recovered from the customers. Sale is recognized on the date of dispatch of goods from factory.
- ii. Export Sale is recorded at the foreign currency exchange rate prevailing on the date of the transaction.
- iii. Sales are recorded on invoice value net of discounts and rebates.

**p) Foreign Currency Transactions**

- iv. Expenses and Income in foreign exchange are accounted for at the rates prevailing on the date of transactions and exchange differences on settlement of transaction are taken to the Profit and Loss Account.
- v. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.
- vi. Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

**q) Taxation**

**Deferred Tax:**

Deferred tax is recognized, on timing differences, being the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

**Current Tax**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. The Company's current tax is calculated using tax rate that has been enacted or substantially enacted by the end of the reporting period.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company



**r) Financial Instruments**

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

On initial recognition, financial assets and financial liabilities are recognised at historical cost that are attributable to the acquisition or issue of financial assets and financial liabilities. In case of financial assets and financial liabilities which are recognised at fair value through profit and loss (FVTPL), it's transaction costs are recognised in Statement of Profit and Loss.

**A. Financial assets:**

All regular way purchases or sales of financial assets are recognised and derecognized on a settlement date basis. After initial recognition, financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

**a. Classification and Measurement of Financial assets (other than Equity instruments)**

**i. Financial assets at Amortised Cost:**

Financial assets that meet the following conditions are subsequently measured at amortised cost using Effective Interest Rate method (EIR):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

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

A financial asset is measured at FVTOCI if both the following conditions are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

**iii. Financial assets at fair value through profit or loss (FVTPL)**

A financial asset is measured at FVTPL unless it is measured at amortised cost or FVTOCI, with all changes in fair value recognised in Statement of Profit and Loss.

**b. Impairment of financial assets**

- i.** Subsequent to initial recognition, the Company recognizes expected credit loss (ECL) on financial assets measured at amortised cost. ECL on such financial assets, other than loan assets, is measured at an amount equal to life time expected losses.

- ii.** The impairment requirements for the recognition and measurement of ECL are equally applied to Loan asset at FVTOCI except that ECL is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

**iii. Impairment of Loan Assets and commitments under Letter of Comfort (LoC):**

The Company measures ECL on loan assets at an amount equal to the lifetime ECL if there is credit impairment or there has been significant increase in credit risk (SICR) since initial recognition. If there is no SICR as compared to initial recognition, the Company measures ECL at an amount equal to 12-month ECL. When making the assessment of whether there has been a SICR since initial recognition, the Company considers reasonable and supportable information, that is available without undue cost or effort. If the Company measured loss



allowance as lifetime ECL in the previous period, but determines in a subsequent period that there has been no SICR since initial recognition due to improvement in credit quality, the Company again measures the loss allowance based on 12-month ECL. ECL is measured on individual basis for credit impaired loan assets, and on other loan assets it is generally measured on collective basis using homogenous groups.

- iv. The impairment losses and reversals are recognised in Statement of Profit and Loss.

**c. De-recognition of financial assets**

- i. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.
- ii. On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable, and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity, is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

**B. Financial liabilities:**

- i. All financial liabilities other than derivatives and financial guarantee contracts are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is determined at the initial recognition of the financial liability. EIR is subsequently updated for financial liabilities having floating interest rate, at the respective reset date, in accordance with the terms of the respective contract.

**ii. De-recognition of financial liabilities**

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognised in Statement of Profit and Loss.

**s) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these standalone financial statements is determined on such basis, except for share-based payment transactions that are within the scope of Ind AS 102 – Share based Payments, leasing transactions that are within the scope of Ind AS 17 - Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 - Inventories or value in use in Ind AS 36 – Impairment of Assets.

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





- Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2 : Inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

**t) Earning Price Per Share**

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per shares is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per shares and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

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As per our report of even date attached

**FOR KSA & CO**  
Chartered Accountants



**RASMI RANJAN JATI**  
Partner  
UDIN: 23511397BGXYKT3967  
Membership Number: 511397  
Place: New Delhi  
Date: May 30, 2023

**For Ashnoor Textiles Mills Limited**



**SUNEEL GUPTA**  
Director



**Girish Singh**  
CFO



**SANGEETA GUPTA**  
Director



**Yashima Saluja**  
Company Secretary

Membership No. A36764

**ASHNOOR TEXTILE MILLS LIMITED**

**NOTE NUMBER - 2**

**PROPERTY, PLANT AND EQUIPMENT**

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at 01-04-2022	Additions during the year	Adjustments during the year	As at 31-03-2023	Opening Balance As at 01-04-2022	Additions During the year	Adjustments During the year	Closing Balance As at 31-03-2023	Balance As at 31-03-2022
<b>Tangible Assets</b>									
Land	84.32			84.32	-	-	-	84.32	84.32
Factory Building	1,318.17	34.06		1,352.23	731.94	41.65		773.59	578.64
Office Building	25.58			25.58	21.52	0.88		22.40	3.18
Water Treatment Plant	2.03			2.03	1.55	-		1.55	0.49
Electric Installation	69.53			69.53	46.38	4.59		50.97	23.16
Plant and Machinery	6,124.38	910.35	(100.16)	6,934.57	3,372.83	306.87	(100.16)	3,529.54	3,405.04
ETP Plant	68.26			68.26	28.59	6.48		35.08	39.67
Generator Set	68.01			68.01	65.36	0.22		65.59	2.42
Furniture and Fixture	20.24	3.55		23.80	8.71	2.26		10.97	12.83
Office Equipment	10.79	4.40		15.19	3.56	2.78		6.34	8.85
Computers	3.43	1.33		4.76	1.72	1.51		3.22	1.54
Vehicles	384.05	6.70	(60.25)	330.50	216.65	24.46	(48.21)	192.90	137.60
<b>Grand Total</b>	<b>8,178.80</b>	<b>960.39</b>	<b>(160.41)</b>	<b>8,978.79</b>	<b>4,448.80</b>	<b>391.70</b>	<b>(148.37)</b>	<b>4,692.12</b>	<b>4,286.66</b>
<b>Previous year</b>	<b>7,137.64</b>	<b>1,095.52</b>	<b>(54.36)</b>	<b>8,178.80</b>	<b>4,124.79</b>	<b>368.60</b>	<b>(44.59)</b>	<b>4,448.80</b>	<b>3,730.00</b>



**ASHNOOR TEXTILE MILLS LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

NOTES NUMBER	PARTICULARS	As At 31-03-2023 ₹ In Lakh	As At 31-03-2022 ₹ In Lakh
3	<b>NON CURRENT INVESTMENTS</b>		
	Long Term Trade Investments		
	Investment in Equity Instruments: Quoted at Cost		
	Nil (8,325) Equity Shares of Anant Raj Indus Limited	-	5.43
	19 (19) Share of Sovereign Gold Bond	0.96	0.96
	Investments in Unit Link Plan- Quoted at Cost	92.00	76.00
		<b>92.96</b>	<b>82.39</b>
	Market Value of Quoted Investments	7.04	6.94
	Net Asset Value of Investment in Mutual Fund/ULP	115.17	99.17
4	<b>OTHER NON CURRENT ASSETS</b> (Unsecured and Considered Good)		
	Advance other than Capital Advances		
	Security Deposits	26.41	31.01
	Other Advances	100.00	100.00
		<b>126.41</b>	<b>131.01</b>
5	<b>INVENTORIES</b> (As certified by the management and valued at lower of cost and net realizable value)		
	a) Raw Materials	676.55	1,602.57
	b) Stock-in-progress	1,161.51	1,099.45
	c) Finished Goods	1,541.43	977.37
	d) Rejected Stock	44.42	19.70
	e) Stores and Spares	131.48	172.06
		<b>3,555.39</b>	<b>3,871.15</b>



NOTES NUMBER	PARTICULARS	As At 31-03-2023 ₹ in Lakh	As At 31-03-2022 ₹ in Lakh
6	<b>INVESTMENT- CURRENT</b>		
	<b>Short Term Trade Investments</b>		
	<b>Investment in Equity Instruments: Quoted at Cost</b>		
	100 (100) Equity Shares of IDFC First Bank	-	0.04
	20,000 (Nil) Equity Shares of Aditya Birla Capital	27.15	-
	10,000 (Nil) Equity Share of Birlasoft Limited	31.49	-
	20,000 (Nil) Equity Share of B O I	16.75	-
	20,000 (Nil) Equity Share of Federal Bank	27.51	-
	60,000 (Nil) Equity Share of GMR Airport Infra Limitec	26.34	-
	60,100 (100) Equity Share of IDFC Bank Limited	30.05	-
	27,300 (Nil) Equity Share of Indian Railway Fin Corp L	9.09	-
	20,000 (Nil) Equity Share of Kirlosker Electr Co	17.22	-
	15,000 (Nil) Equity Share of N L C India Limited	12.30	-
	20,000 (Nil) Equity Share of Rashtriya Chem	25.55	-
	100,000 (Nil) Equity Share of Ratan India Power Limit	4.45	-
	150,000 (Nil) Equity Share of South Indian Bank	21.88	-
	330 (Nil) Equity Share of S R F	8.49	-
	48,000 (Nil) Equity Share of B O B	77.14	-
	10,000 (Nil) Equity Share of Bombay Dyeing	10.30	-
	30,380 (Nil) Equity Share of Canara Bank	92.00	-
	50,000 (Nil) Equity Share of Central Bank of India	9.30	-
	10,000 (Nil) Equity Share of General Insurance Co	18.15	-
	1,500 (Nil) Equity Share of G N F C	10.95	-
	25,000 (Nil) Equity Share of Indiabulls Real Esta	21.10	-
	50,000 (Nil) Equity Share of L & T Finance Holdings	42.56	-
	6,000 (Nil) Equity Share of Maharashtra Seamless	24.90	-
	110,000 (Nil) Equity Share of P N B	52.47	-
	10,000 (Nil) Equity Share of Power Finance Corporati	12.10	-
	2,000 (Nil) Equity Share of Radico Khait	20.62	-
	6,598 (Nil) Equity Share of R B L Bank	12.29	-
	10,000 (Nil) Equity Share of Rec Limited	10.80	-
	20,000 (Nil) Equity Share of The New India Assura	25.35	-
	100,000 (Nil) Equity Share of Yes Bank	17.40	-
	50,000 (Nil) Equity Share of Suzlon Energy Limited	5.13	-
	10,000 (Nil) Equity Share of Tata Power Company	22.83	-
	98,400 (Nil) Equity Share of UCO Bank	14.76	-
	25,000 (Nil) Equity Share of Union Bank of India	23.23	-
	<b>Investment in Mutual Fund- Quoted at Cost</b>		
	Baroda Dynamic Equity Fund	10.00	10.00
	Canara Robeco Emerging Equites Collection Fund	30.00	20.00
	Canara Robeco Flexi Cap Fund	18.00	12.00
	Dsp Equity Opportunities Fund (G)	28.00	24.00
	Dsp Flexi Cap Fund(G)	72.00	24.00
	Dsp india T.I.G.E.R. Fund (G)	5.00	5.00
	Hdfc Banking And Financial Services Fund	12.00	-
	Hdfc Business Cycle Fund	29.00	-
	HDFC Flexi Fund	32.00	8.00
	HDFC Large And Midcap Fund	15.00	12.00
	Kotak Equity Opportunity Fund	32.00	24.00
	Kotak Focused Equity Fund	32.00	24.00
	SBI Banking & Financial Services Fund	3.00	-
	SBI Contra Fund	3.00	3.00
	SBI Flexicap Fund	1.00	1.00
	SBI Large And Midcap Fund	3.00	3.00
	Sbi Technology Opportunities Fund	1.00	-
	Tata Banking And Financial Services Fund	12.00	-
	Tata Business Cycle Fund	5.00	-
	Tata Digital India Fund	5.00	-
	UTI- Flexi Cap Fund (G)	64.60	14.20
	U-Infrastructure Fund (G)	27.94	6.34
	Uti- Transportation & Logistics Fund (G)	24.00	6.00
	Uti-Mid Cap Fund (G)	1.30	0.10
	Uti-Banking And Financial Services Fund (G)	5.24	0.44
	Bob Mutual Fund	15.00	-
	Kotak Business Cycle Fund	9.00	-
		<b>1,276.67</b>	<b>197.12</b>
	<b>Market Value of Quoted Investments</b>	<b>1,254.44</b>	<b>47.49</b>



**ASHNOOR TEXTILE MILLS LIMITED****NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023	31-03-2022
		₹ In Lakh	₹ In Lakh
7	<b>TRADE RECEIVABLES</b> (Unsecured and Considered Good)		
	Outstanding for a period less than six months from the date they are due for payment :-	2,686.33	6,566.25
	Outstanding for a period More than six months from the date they are due for payment :-	331.41	401.34
		<u>3,017.75</u>	<u>6,967.58</u>
7.1	Confirmation from customers were not received and their balances are shown as appearing in the accounts.		
8	<b>CASH AND CASH EQUIVALENTS</b>		
	a) Balances with Banks:		
	Current Accounts	276.92	760.59
	b) Cash on Hand	8.70	90.66
		<u>285.62</u>	<u>851.25</u>
9	<b>OTHER BANK BALANCES</b>		
	In Bank Deposits*	94.37	64.44
		<u>94.37</u>	<u>64.44</u>
	* Represents Bank deposit with original maturity over three months from the date of balance sheet. It includes balance with banks to the extent held as margin money or security against the borrowings, guarantees and other Commitments.		
10	<b>OTHER CURRENT ASSETS</b>		
	Advance Tax and TDS	132.68	316.76
	Receivable from Government Authorities	709.76	1,288.43
	MAT Credit	-	18.01
	Others	249.16	399.95
		<u>1,091.60</u>	<u>2,023.16</u>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

The Comparative figures for the previous years have been regrouped, recast and rearranged wherever necessary to conform to current year's classification under Schedule-III of the Companies Act, 2013. Figures in parenthesis represent previous financial year's figures unless stated otherwise. Amounts are mentioned in Rupees in Lakh.

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023 ₹ In Lakh	31-03-2022 ₹ In Lakh
11	<b>SHARE CAPITAL</b>		
	<b>AUTHORIZED</b>		
	12,750,000 (12,750,000) Equity Shares of Rs. 10/- each *	1,275.00	1,275.00
	<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
	12,745,849 (12,745,849) Equity Shares of Rs. 10/- each	1,274.58	1,274.58
	Calls in Arrears	(0.63)	(0.63)
		<b>1,273.95</b>	<b>1,273.95</b>

## 11.1 The reconciliation of shares outstanding is set out below:

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	Amount (₹ in Lakh)	Number	Amount (₹ in Lakh)
Equity Shares outstanding at the beginning of the year	12,745,849	1,274.58	12,745,849	1,274.58
Shares Issued during the year	-	-	-	-
Shares outstanding at the end of the year	12,745,849	1,274.58	12,745,849	1,274.58

## 11.2 Rights, preferences and restrictions attached to equity shares

The Company has only one class of Equity Shares having a par value of Rs. 10 per shares. Each holder of equity shares is entitled to one vote per share. Any shareholder whose name is entered in the Register of Members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Dividend, if any, proposed by the Board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. The Company in general meeting can't declare dividend in excess of the amount recommended by the Board. Dividend as declare in the ensuing Annual General Meeting shall be distributed within the period prescribed under the Companies Act, 2013.

In the event of winding up of the Company, Equity Shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. For the said purpose, the liquidator may set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out between the members.

## 11.3 The details of Share Holders holding more than 5% shares:

Name of Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Mr. Suneel Gupta	4,261,841	33.44%	4,261,841	33.44%
Mrs. Sangeeta Gupta	2,986,172	23.43%	2,986,172	23.43%
Mr. Abhinav Gupta	1,586,000	12.44%	1,586,000	12.44%

## 11.4 Details of Calls in Arrears

Unpaid Calls	31-03-2023	31-03-2022
By Officers	0.63	0.63
<b>Total</b>	<b>0.63</b>	<b>0.63</b>

## 11.5 The Company has not issued any equity shares for consideration other than cash and has not issued any bonus shares nor has there been any buy back of shares during five years immediately preceding March 31, 2023.

## 11.6 Shares held by promoters at the end of the year

Promotor's Name	Current Reporting Period			% Change during the year
	Sl No	No of shares	% of total shares	
Mr. Suneel Gupta	1	4,261,841	33.44%	Nil
Mrs. Sangeeta Gupta	2	2,986,172	23.43%	Nil
Mr. Abhinav Gupta	3	1,586,000	12.44%	Nil
Mrs. Noor Gupta	4	445,828	3.50%	Nil

Promotor's Name	Previous Reporting Period			% Change during the year
	Sl No	No of shares	% of total shares	
Mr. Suneel Gupta	1	4,261,841	33.44%	Nil
Mrs. Sangeeta Gupta	2	2,986,172	23.43%	Nil
Mr. Abhinav Gupta	3	1,586,000	12.44%	Nil
Mrs. Noor Gupta	4	445,828	3.50%	Nil



**ASHNOOR TEXTILE MILLS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023 ₹ In Lakh	31-03-2022 ₹ In Lakh
<b>12</b>	<b>RESERVES AND SURPLUS</b>		
(a)	<b>Security Premium</b>		
	Opening Balance	240.00	240.00
	Addition due to Issue of Shares during the Period	-	-
	<b>Closing Balance</b>	<b>240.00</b>	<b>240.00</b>
(b)	<b>Capital Reserves</b>		
	Opening Balance	32.34	32.34
	Add: Current Year Transfer	-	-
	<b>Closing Balance</b>	<b>32.34</b>	<b>32.34</b>
(c)	<b>Surplus</b>		
	Opening balance	3,503.25	2,607.71
	Add: Net Profit for the current year	612.43	895.53
	<b>Closing Balance</b>	<b>4,115.67</b>	<b>3,503.25</b>
	<b>Grant Total (a+b+c)</b>	<b>4,388.01</b>	<b>3,775.58</b>
<b>13</b>	<b>LONG TERM BORROWINGS</b>		
	<b>SECURED</b>		
	<b>From Bank -</b>		
	- Term Loan (Refer Note No 13.2)	1,612.88	1,749.77
	<b>UNSECURED</b>		
	- from Directors (Refer Note No. 13.4)	1,044.59	944.59
		<b>2,657.48</b>	<b>2,694.36</b>
<b>13.1</b>	<b>Schedule maturity of Long-term borrowings:</b>		
	<b>Current Maturity (Refer Note No 13.2, 13.3, 13.4)</b>		
	Term Loans	581.53	419.65
	Director's Loan- Unsecured	261.68	1,325.48
		<b>843.22</b>	<b>1,745.13</b>
	<b>Non Current Maturity (Refer Note No 13.2)</b>		
	Term Loans	1,612.88	1,749.77
	Director's Loan- Unsecured	1,044.59	944.59
		<b>2,657.48</b>	<b>2,694.36</b>

Current maturity of long term borrowings are disclosed under "Short Term Borrowings" in Note Number -15 and Non Current maturity under "Secured Term Loan" in Note Number -13



**ASHNOOR TEXTILE MILLS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023	31-03-2022
		₹ In Lakh	₹ In Lakh
13.2	Term Loan paid during the year taken from Bank of Baroda for purchase of Machinery, secured by charge against respective Machineries and are repayable in 34 monthly instalments. Outstanding loan amount as on March 31, 2023 is Nil.		
13.3	Two additional Term Loan are taken during the year from Bank of Baroda for purchase of Machinery, secured by charge against respective Machineries and are repayable in 34 monthly instalments. Outstanding loan amount as on March 31, 2023 is Rs. 618.51 Lakh.		
13.4	Additional Working Capital Term Loan (AWCTL) of Rs. 750 Lakh and Rs. 5.5 Lakh are taken during the year from Bank of Baroda to meet the liquidity mismatch due to COVID 19 pandemic in addition to existing facility under scheme of BGECLS 1.0 (extension).The term loan are repayable in 5 years from the date of disbursement, including moratorium period of two years for principal amount. The Principal shall be repaid in 36 equal instalments interest after		
13.5	Unsecured loans have been taken from the directors are not carrying any interest.		
14	<b>LONG TERM PROVISIONS</b>		
	<b>Provision for Employee Benefits</b>		
	(a) Gratuity (unfunded)	29.94	-
	(b) Bonus	27.61	31.38
	(c) Leave Encashment (unfunded)	31.04	23.20
		<b>88.60</b>	<b>54.59</b>
15	<b>DEFERRED TAX LIABILITY (NET)</b>		
	Difference of WDV of fixed assets between books and	(1,494.52)	(1,212.79)
	Disallowances under section 43B	65.39	34.06
	<b>Net Temporary Difference</b>	<b>(1,429.13)</b>	<b>(1,178.73)</b>
	Effective Rate of Income Tax	25.17%	27.82%
	<b>Deferred Tax Assets (Liability)</b>	<b>(359.71)</b>	<b>(327.92)</b>
	Less: Charged in Previous Year	(327.92)	(326.42)
	<b>Net Deferred Tax Assets (Liability)</b>	<b>(31.79)</b>	<b>(1.50)</b>
16	<b>OTHER NON CURRENT LIABILITIES</b>		
	Security Received	10.50	10.50
	Others (Refer Note No 16.1)	22.05	22.05
		<b>32.55</b>	<b>32.55</b>
16.1	Interest on late payment of Rs. 2,684,738/- (2021-2022 – Rs. 2,684,738/-) and Rs. 18,725/- (2021-2022 - Rs. 18,725/-) has been levied under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Appeal has been filed against this demand in the Court and provision has been created for this liability in the books of accounts. Out of this demand, Rs. 498,387/- has been deposited with the authorities under protest and adjusted with this		







ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023	31-03-2022
		₹ In Lakh	₹ In Lakh
<b>21</b>	<b>REVENUE FROM OPERATION</b>		
	(a) Sale of products		
	- Export	13,784.42	23,199.30
	- Domestic	3,016.21	1,773.56
	(b) Other Operating Revenues (Refer Note No- 21.1)	756.97	1,137.43
		<b>17,557.60</b>	<b>26,110.29</b>
<b>21.1</b>	License received under Merchandise Exports from India Scheme (MEIS) and Rebate of State and Central Taxes and Levies (ROSCTL) has been recognized on cash basis i.e. when actual sale will happen.		
<b>22</b>	<b>OTHER INCOME</b>		
	(a) Net gain/(loss) on Sale of Investment	14.52	1.27
	(b) Interest and Dividend	15.47	3.21
	(c) Other Non Operating Income	11.38	-
	(d) Rental Income	42.00	42.00
		<b>83.37</b>	<b>46.48</b>
<b>22.1</b>	<b>Statement of Realized Profit/(Loss) on sale of Investments</b>		
	Sale of Investment (Equity) realized	14.52	1.27
	Sale of investment (Derivatives) realized	(25.56)	9.42
		<b>(11.04)</b>	<b>10.69</b>
<b>23</b>	<b>COST OF MATERIAL CONSUMED</b>		
	Raw Material Consumed (Refer Note No 23.1)	10,718.83	12,536.41
	Packing Material Consumed	631.32	1,317.62
	Fuel Consumed	741.70	903.34
	Dyes and Chemicals Consumed	1,216.18	1,346.85
	Stores and Spares (Refer Note No 23.2)	158.34	244.58
	Manufacturing Expenses	1,602.57	2,275.56
		<b>15,068.93</b>	<b>18,624.35</b>
<b>23.1</b>	<b>Value of imported and indigenous raw materials, stores and spare parts, components consumed and percentage of each to the total consumption:</b>		
		<b>2022-2023</b>	
	<b>Particulars</b>	<b>₹ In Lakh</b>	<b>Percentage</b>
	<b>Raw Materials:</b>		
	Imported		-
	Indigenous	10,718.83	100.00%
	<b>Stores and Spares:</b>		
	Imported	27.00	17.05%
	Indigenous	131.34	82.95%
		<b>2021-2022</b>	
	<b>Particulars</b>	<b>₹ In Lakh</b>	<b>Percentage</b>
	<b>Raw Materials:</b>		
	Imported	-	-
	Indigenous	12,536.41	100%
	<b>Stores and Spares:</b>		
	Imported	58.43	23.89%
	Indigenous	186.14	76.11%
<b>23.2</b>	<b>IMPORTS (ON COST, INSURANCE AND FREIGHT BASIS)</b>		
	Stores and Spares	27.00	58.43
		<b>27.00</b>	<b>58.43</b>



ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023 ₹ In Lakh	31-03-2022 ₹ In Lakh
<b>24</b>	<b>PURCHASE OF STOCK IN TRADE</b>		
	Purchase of Towels and Rugs	95.43	2,485.37
	Purchase of Blankets	0.67	-
	Purchase of Knitting Waste	-	3.94
		<b>96.10</b>	<b>2,489.31</b>
<b>25</b>	<b>CHANGE IN INVENTORY OF FINISHED GOODS AND STOCK IN PROCESS</b>		
	<b>Opening Stocks</b>		
	Stock in Progress	1,099.45	1,659.47
	Finished Goods	997.07	984.27
		<b>2,096.52</b>	<b>2,643.75</b>
	<b>Closing Stocks</b>		
	Stock in Progress	1,161.51	1,099.45
	Finished Goods	1,585.86	997.07
		<b>2,747.36</b>	<b>2,096.52</b>
	<b>Change in Inventory</b>	<b>650.85</b>	<b>(547.23)</b>
<b>26</b>	<b>EMPLOYEE BENEFIT EXPENSES</b>		
	Salaries and Incentives	206.52	168.95
	Company's Contribution to PF and ESI	2.48	3.00
	Staff Welfare	9.20	9.01
		<b>218.19</b>	<b>180.96</b>
<b>27</b>	<b>FINANCIAL COST</b>		
	(a) Interest on Term Loan and Working Capital	343.59	245.96
	(b) Net Loss on Foreign Currency Transactions	25.56	(4.40)
	(c) Loss on sale of investment (Derivatives Transaction)	-	5.02
	(d) Processing Charges and Bank Charges	72.00	107.29
		<b>441.15</b>	<b>353.86</b>
<b>28</b>	<b>OTHER EXPENSES</b>		
	(a) Clearing and Forwarding	628.80	1,414.62
	(b) Sales Promotion and Documentation	289.36	200.16
	(c) Commission	205.47	432.01
	(d) Travelling and Conveyance	60.61	28.33
	(e) Auditors' Remuneration	1.00	1.00
	(f) Electricity and Water Expenses	3.78	0.20
	(g) Rent, Rates and Taxes	35.78	25.86
	(h) Insurance	21.53	109.40
	(i) Vehicle Maintenance	22.95	17.26
	(j) Communication Expenditure	10.42	6.67
	(k) Fees and Subscription	5.54	7.56
	(l) Office Maintenance	4.19	7.25
	(m) Legal and Professional Charges	51.93	45.58
	(n) Other Office Expenses	75.68	154.86
	(o) CSR Expenses (PY 2021-22)	15.38	10.64
		<b>1,432.43</b>	<b>2,461.40</b>
<b>29</b>	<b>EXTRA ORDINARY ITEMS</b>		
	Fixed Asset/Depreciation Written Back	-	(0.85)
	Profit/(Loss) on Sale of Fixed Assets	16.04	(3.60)
		<b>16.04</b>	<b>(4.45)</b>



ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023 ₹ In Lakh	31-03-2022 ₹ In Lakh
<b>30</b>	<b>EARNING PER SHARE</b>		
	<b>Basic and diluted Earning Per Share</b>		
	Profit After Tax	612.43	895.53
	Number of Equity Shares	12,745,849	12,745,849
	Face value per Equity Share (Rs.)	10.00	10.00
	Basic Earning Per Share	4.80	7.03
	Diluted Earning Per Share (Rs.)	4.80	7.03
<b>31</b>	<b>PAYMENT TO AUDITORS</b>		
	Audit Fee	1.00	1.00
		<b>1.00</b>	<b>1.00</b>

- 32** Expenditure incurred during construction period of Rs. 34.06 Lakh (Note 2) have been capitalized and Transfer to Factory Godown under Building Block on March 30, 2023

**33 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

**(a) Capital Management**

The Company's financial strategy aims to support its strategic priorities and provide adequate capital to its businesses for growth and creation of sustainable stakeholder value. The Company funds its operations through internal accruals and aims at maintaining a strong capital base to support the future growth of its businesses.

**(b) Categories of financial instruments**

Particulars	As at 31.03.2023	As at 31.03.2022
<b>A: Financial Assets</b>		
<b>Measured at amortized Cost</b>		
(i) Cash and Cash Equivalents	285.62	851.25
(ii) Other Bank Balances	94.37	64.44
(ii) Trade Receivables	3,017.75	6,967.58
(iii) Investment in Mutual Fund and Shares	1,276.67	197.12
(iv) Investment in Unit Linked and Shares	92.96	82.39
<b>Total Financial Assets</b>	<b>4,767.37</b>	<b>8,162.78</b>
<b>B: Financial Liability</b>		
<b>Measured at amortized Cost</b>		
(i) Borrowings	7,091.82	9,772.10
(ii) Trade Payables	88.60	54.59
<b>Total Financial Liabilities</b>	<b>7,180.42</b>	<b>9,826.69</b>

**(c) Financial risk management objectives**

The Company's management monitors and manages the financial risks relating to the operations of the Company by analysing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk. Accordingly, the Company's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulation. It also seeks to



ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023 ₹ In Lakh	31-03-2022 ₹ In Lakh

**FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES- Continue**

**(i) Liquidity Risk**

The Company's Current assets aggregate Rs. 9,321.41 Lakh (2022 - Rs. 13,974.71 Lakh) including Current Investments, Cash and cash equivalents and Other Bank Balances of Rs. 1,656.67 Lakh (2022 - Rs.1,112.81 Lakh) against an aggregate Current liability of Rs. 5027.14 Lakh (2022 - Rs.

Further, while the Company's total equity stands at Rs. 5,661.96 Lakh (2022 - Rs.5,049.54 Lakh) , it has non-current borrowings of Rs. 2,657.48 Lakh (2022 - Rs. 2,694.36 Lakh). In such circumstances, liquidity risk or the risk that the Company may not be able to settle or meet its obligations as they become due does not exist.

**(ii) Market Risk**

The Company is not an active investor in equity markets; It continues to hold certain investments in equity for long term value accretion and also as current investments. The market value of investments in such equity instruments as at 31st March, 2023 is Rs. 1,376.65 Lakh (2022 - Rs. 153.60 Lakh ). Market risk exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which

**(iii) Foreign Currency Risk**

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss as the company is engaged in exports and realises its sales in US dollars. Considering the countries and economic environment in which the Company operates, its operation are subject to risk arising from fluctuations in exchange rates in the countries to which it exports. The company adopts suitable hedging policy to mitigate the impact of forex

The carrying amounts of foreign currency denominated financial assets and liabilities including derivative contracts, are as follows:

As at March 31, 2023	US \$	US \$
Financial Assets	23,23767458	-
Financial Liabilities	-	12,1795377

**(iv) Interest Rate Risk**

The Company is also exposed to interest rate risk, changes in interest rates will affect future cash flows or the fair values of its financial instruments, principally debt because it borrow funds at different interest rate

**(v) Credit Risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Company's bank balances are held with a reputed and creditworthy banking institution resulting to limited credit risk from the counterparties.

**Financial Liabilities**

Particulars	31-03-2023	31-03-2022
Borrowings	7,091.82	9,772.10
Other financial liabilities	175.01	338.27

The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Credit risk is actively managed through Buyerwise Exposer, Bank Guarantees, advance payments and forfaiting without recourse to the Company. The company restricts its fixed income investments in liquid securities carrying high credit rating.



ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

NOTES NUMBER	PARTICULARS
(d)	<b>Fair value of financial assets and financial liabilities</b>

The following table presents the fair value hierarchy of financial assets and liabilities measured at fair value on a recurring basis

Particulars	Fair Value Hierarchy (Level)	As At March 31, 2023
<b>Financial Assets</b>		
(i) Cash and Cash Equivalents	Level 3	285.62
(ii) Trade Receivables	Level 3	3,017.75
(iii) Investment in Mutual Fund and Shares	Level 1	1,276.67
(iv) Investment in Unit Linked and Shares	Level 1	92.96
<b>Financial Liabilities</b>		
(i) Borrowings	Level 3	7,091.82
(ii) Trade Payables	Level 3	88.60

The fair value of remaining financial assets and liabilities approximate with the carrying amount recognized in the financial statements. There was no transfer between Level 1, Level 2 and Level 3 in the year. The carrying amount of financial assets and financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be received or settled.

The fair value of trade receivables, trade payables and other current financial assets and liabilities is considered to be equal to the carrying amounts of these items due to their short-

34	ACTIVITY IN FOREIGN CURRENCY	31.03.2023	31.03.2022
	<b>Earnings in Foreign Currency (Realization Basis):</b>		
	FOB value of Export of Terry Towels	13,502.51	11,325.47
	<b>Expenditure/Remittances in Foreign Currency:</b>		
	Stores and Spares	27.00	16.81
	Foreign Travelling	46.07	46.81
	Purchase of Machinery	28.83	-
	<b>Net Earnings in Foreign Currency</b>	<b>13,400.61</b>	<b>11,261.85</b>



**ASHNOOR TEXTILE MILLS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

₹ in Lacks

	276.58	2,004.33
	<b>276.58</b>	<b>2,004.33</b>

**35 Trade Payables ageing schedule:**

Micro, Small and Medium Enterprises (MSME)  
Other than Micro, Small and Medium Enterprises

**Outstanding for following periods from due date of payment as at 31st March, 2023**

	< 1 Years	1-2 Years	2-3 Years	>3 Years	Total
Micro, Small and Medium Enterprises (MSME)	Nil	Nil	Nil	Nil	Nil
Other than Micro, Small and Medium Enterprises	26,820,352.00	750,924.00	87,205.00	0	27,658,481.00
<b>Total</b>	<b>26,820,352.00</b>	<b>750,924.00</b>	<b>87,205.00</b>	<b>-</b>	<b>27,658,481.00</b>

**Outstanding for following periods from due date of payment as at 31st March, 2022**

	< 1 Years	1-2 Years	2-3 Years	>3 Years	Total
Micro, Small and Medium Enterprises (MSME)	-	Nil	Nil	Nil	-
Other than Micro, Small and Medium Enterprises	1,981.69	11.55	11.10	Nil	2,004.33
<b>Total</b>	<b>1,981.69</b>	<b>11.55</b>	<b>11.10</b>	<b>-</b>	<b>2,004.33</b>

**36 Trade Receivables Aging**

**As on 31 March 2023**

Particulars	Outstanding for following periods from Due Date of Payment				
	< 6 Months	6 Months > 1 Year	1-2 Years	2-3 Years	> 3 Years
(i) Undisputed Trade Receivables – Considered Good	2,471.86	197.99	16.48	-	-
(ii) Undisputed Trade Receivables – Considered Doubtful	-	38.41	-	-	-
(iii) Disputed Trade Receivable – Considered Good	-	-	-	-	48.11
(iv) Disputed Trade Receivable – Considered Doubtful	-	-	-	-	244.90

**As on 31 March 2022**

Particulars	Outstanding for following periods from Due Date of Payment				
	< 6 Months	6 Months > 1 Year	1-2 Years	2-3 Years	> 3 Years
(i) Undisputed Trade Receivables – Considered Good	6,566.25	58.52	-	-	-
(ii) Undisputed Trade Receivables – Considered Doubtful	-	117.05	225.76	-	-
(iii) Disputed Trade Receivable – Considered Good	-	-	-	-	-
(iv) Disputed Trade Receivable – Considered Doubtful	-	-	-	-	-



ASHNOOR TEXTILE MILLS LIMITED

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023

37 RATIOS

Ratio	Numerator	Denominator	31-Mar-22	31-Mar-21	% change
Current ratio	Current Assets	Current Liabilities	1.85	1.43	29.49%
Debt- Equity Ratio	Total Debt	Shareholder's Equity	1.25	1.94	-35.28%
Debt Service Coverage ratio	Net profit before taxes + Interest and lease payments+Non-cash operating expenses( Dep and other amortisations)	Interest & Lease Payments + Principal Repayments	1.82	3.50	-47.89%
Return on Equity ratio	Net Profits after taxes – Preference	Average Shareholder's Equity	11.43%	19.46%	-41.24%
Inventory Turnover ratio	Cost of goods	Average	3.91	5.91	-33.91%
Trade Receivable Turnover Ratio	Gross credit sales – sales return	Average Trade Receivable	3.54	4.77	-25.68%
Trade Payable Turnover Ratio	Gross credit purchases – purchase return	Average Trade Payables	11.04	11.59	-4.75%
Net Capital Turnover Ratio	Net sales	Current assets – Current liabilities	15.31	23.67	-35.33%
Net Profit ratio	Net Profit	Net sales	3.44%	3.41%	0.90%
Return on Capital Employed	Earnings before interest and taxes	Total Assets- Total Current Investment	12.96%	17.75%	-26.96%
Return on Investment	Interest (Finance Income)+dividend +capital gains	Investment	2.64%	2.61%	1.39%





**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

- 38 There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules
- 39 The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- 40 The Company has not granted any Loans or Advances to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any
- 41 **Disclosure on Corporate Social Responsibility Expenses**  
Details of expenditure on Corporate Social Responsibility Activities as per Section 135 of Companies Act, 2013 read with Schedule III are as below

Particulars	As at 31st March 2023	As at 31st March 2022
	₹ In Lakh	₹ In Lakh
I) Gross amount required to be spent by the Company	17.98	15.38
II) Excess amount spent in current year/ provided in Last year and paid in current year	Nil	Nil
III) Amount Spent/provision made during the year:		
Amount spent in Cash		
a) Joy of Safety : Rider Safety Awareness	0.00	0.00
b) Assistance to Police	0.00	0.00
c) Development of Govt. Schools / Rural Development / Sanitisation	0.00	0.00
d) Donation under PMNRF	0.00	0.00
e) Community Health Support	0.00	0.00
Amount yet to be spent in cash (provision taken) *		
a) Joy of Safety : Rider Safety Awareness		
b) Community Health Support		
<b>Total</b>	<b>0.00</b>	<b>0.00</b>
IV) Cumulative Excess/ (shortfall) (IV-(I-II))	17.98	15.38

\* Unspent Amount of Rs. 33.36Lacs has been deposited in separate bank account as per the requirements of Section 135 (5) of Companies Act, 2013.



- 42 the company has following transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, as on date of Balance Sheet .

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed
Nil	Investments in securities	0.00	0.00
Enviroway Waste Water Solutions Private Limited	Receivables	4.98	Advance to Supplier
Nil	Payables	0.00	0.00
Nil	Shares held by struck-off Company	0.00	0.00
Nil	outstanding balances (to be specified)	0.00	0.00

43 **Registration of charges or satisfaction with Registrar of Companies**

Following charges or satisfaction yet to be registered with the Registrar of Companies beyond the statutory period, details and reasons are as follows:

Charge ID	Type of Loan	Charge Amount	Reasons
10066065	Term Loan	525.00	submitted No Dues
100498309	Adhoc Loan	600.00	
100547358	Adhoc Loan	600.00	Certificate to the Concern
100640186	Term Loan	135.00	

- 44 The company has no holding or downstream companies as on the date of the Balance Sheet. So compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 does not require
- 45 sections 230 to 237 of the Companies Act, 2013 as on the date of the Balance Sheet. So there are no requirements by the Company to disclose the effect of such Scheme of Arrangements which have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards'.
- 46 The company has filed quarterly returns of current assets with the bank which are agreed with books of accounts.



**ASHNOOR TEXTILE MILLS LIMITED**

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2023**

NOTES NUMBER	PARTICULARS	As At	As At
		31-03-2023	31-03-2022
		₹	₹

**47 RELATED PARTY DISCLOSURES:**

**(a) Following are related parties:**

**Key Management Personnel**

Mr. Suneel Gupta	Managing Director
Mrs. Sangeeta Gupta	Whole Time Director
Mr. Abhinav Gupta	Whole Time Director
Ms. Noor Gupta	Director
Mr. Naresh Kumar Aggarwal	Independent Director
Mr. Anil Agarwal	Independent Director
Mr. Sanjay Arora	Independent Director
Mr. Divya Agarwal	Independent Director
Mr. Girish Singh Adhikari	Chief Financial Officer
Miss Yashima Saluja	Company Secretary

**Significant Influence**

Ashnoor Global LLC

**(b) Related party transactions:**

**Key Management Personnel**

Directors Salary	54.00	40.50
Sitting Fees	1.00	0.50
CFO Salary	8.46	8.36
Company Secretary Salary	4.80	4.80

**Unsecured Loan From Director**

Mrs. Sangeeta Gupta	180.27	180.27
Mr. Suneel Gupta	214.80	529.30
Mr. Abhinav Gupta	292.72	894.01
Ms. Noor Gupta	618.50	666.50

**Significant Influence**

**Export Sale**

Ashnoor Global LLC	-	22.01
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**(c) No balance has been written off and written back of the related parties during the year**

**48 Approval of financial statements**

The Financial Statements for the period ended 31st March 2023 were approved by the Board of Directors and authorised for issue on May 30, 2023.


As per our report of even date attached

For KSA & Co.  
Chartered Accountants

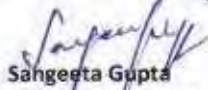


**RASMI RANJAN JATI**  
Partner  
Membership Number: 511397  
UDIN: 23511397BGXYKT3967  
Place: New Delhi  
Date: May 30, 2023

For Ashnoor Textile Mills Limited



**Suneel Gupta**  
Managing Director



**Sangeeta Gupta**  
Whole Time Director



**Yashima Saluja**  
Company Secretary: CFO



**Girish Singh Adhikari**  
Membership Number : A36764

ASHNOOR TEXTILE MILLS LIMITED		
CALCULATION OF CORPORATE SOCIAL RESPONSIBILITY PROVISION		
AS AT 31.03.2023		
PROFIT BEFORE TAX OF THREE PRECEDING YEARS		
YEAR	Current Year	Previous Year
2022-2023	79,722,675	-
2021-2022	120,203,631	120,203,631
2020-2021	69,786,366	69,786,366
2019-2020	-	40,734,445
<b>TOTAL</b>	<b>269,712,671</b>	<b>230,724,442</b>
AVERAGE OF PROFIT OF THREE PRECEDING YEARS	89,904,224	76,908,147
PROVISION OF CSR 2% ON AVERAGE PROFIT	1,798,084	1,538,163
ADD: BROUGH FORWARD FROM PREVIOUS YEAR	-	-
<b>TOTAL PAYABLE</b>	<b>1,798,084</b>	<b>1,538,163</b>
LESS: PAID DURING THE YEAR	-	-
LESS: CONSTRUCTION & SECURITY OF COMMUNITY FACILITY	-	-
<b>REMAINING PROVISION CARRY FORWARD TILL</b>	<b>1,798,084</b>	<b>1,538,163</b>



**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF  
ASHNOOR TEXTILE MILLS LIMITED**

**Report on the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Ashnoor Textile Mills Limited ("the Company"), which comprise the Balance Sheet as of June 30, 2023, the Statement of Profit and Loss, and the statement of Cash Flow Statement for the period ended.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at June 30, 2023, and profit and its cash flows for the period ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

This Audited Figures are used for issue of Right issue and calculation of net worth as on June 30, 2023.

**Information other than the Financial Statements and Auditors' Report thereon**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

#### **Responsibility of Management for the Standalone financial statements**

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

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

#### **Auditor's Responsibility for the Audit of the Standalone financial statements**

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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



**As required by Section 143 (3) of the Act, we report that:**

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on June taken on record by the Board of Directors, none of the directors is disqualified as on 30 June, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has mentioned details of pending litigations in Note No- 17 of Standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate





- Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- v. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- vi. Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) contain any material mis-statement.
- vii. The company has not declared or paid any dividend during the year as per provisions of section 123 of the Companies Act, 2013.

For KSA & Co.  
Chartered Accountants  
(Firm’s Registration No. 003822C)



**RASMI RANJAN JATI**  
Partner  
Membership Number: 511397  
Place: New Delhi  
Date: 14/08/2023

UDIN: 23511397BAxY212019

ASHNOOR TEXTILE MILLS LIMITED

BALANCE SHEET AS AT JUNE 30, 2023

Amount in Rupees

PARTICULARS	Amount in Rupees	
	As At 30.06.2023	As At 31.03.23
<b>ASSETS</b>		
<b>Non Current Assets</b>		
(a) Property, Plant and Equipment	420,213,663	428,666,259
(b) Financial Assets		
(i) Investments	9,295,969	9,295,969
(c) Other Non Current Assets	10,762,500	12,641,093
<b>Current Assets</b>		
(a) Inventories	400,706,501	355,539,303
(b) Financial Assets		
(i) Trade Receivables	281,361,101	301,774,688
(ii) Cash and Cash Equivalents	45,515,664	28,562,339
(iii) Liquid Fund Investment	146,092,775	127,667,433
(c) Other Current Assets	142,483,148	118,596,810
<b>Total Assets</b>	<b>1,456,431,321</b>	<b>1,382,743,893</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Share Holder's Funds</b>		
(a) Equity Share Capital	127,458,490	127,395,036
(b) Other Equity	438,823,402	414,801,172
('c) Share Premium Fund	24,000,000	24,000,000
<b>Non Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	241,964,083	265,747,857
(b) Provisions	7,543,249	8,859,823
(c) Deferred Tax Liability (Net)	37,886,242	35,971,227
(d) Other Non-Current Liabilities	4,793,239	3,255,076
<b>Current Liabilities</b>		
(a) Financial Liabilities		
(i) Borrowings	468,309,891	443,434,202
(ii) Other financial Liabilities		
(ii) Trade Payables	71,491,628	27,658,481
(b) Other Current Liability	19,493,792	14,246,120
(c) Provisions	14,667,305	17,374,899
<b>Total Liabilities</b>	<b>1,456,431,321</b>	<b>1,382,743,893</b>

For KSA & Co.

Chartered Accountants

Firm Registration Number: 003822C

RASMI RANJAN JATI  
Partner

Membership Number: 511397

UDIN: 23511397 BGRXYL12019

Place: New Delhi

Date: 14/08/2023

For Ashnoor Textile Mills Limited

Suneel Gupta  
Managing Director

Sangeeta Gupta  
Whole Time Director

Girish Singh Adhikari  
CFO

ASHNOOR TEXTILE MILLS LIMITED

Amount in Rupees

STATEMENT OF PROFIT AND LOSS FOR THE QUARTER ENDED JUNE 30, 2023

PARTICULARS	Quarter Ended 30.06.2023	Year Ended 31.03.2023
<b>INCOME</b>		
(I) Revenue from Operations		
(a) Sale of Products	315,379,945.00	1,755,760,488
(b) Sale of Services	2,398,459.00	13,785,981
(II) Other Income	1,936,365.00	8,336,580
<b>Total Income</b>	<b>319,714,769.00</b>	<b>1,777,883,048.76</b>
<b>(III) Expenses</b>		
(a) Cost of Material Consumed	263,059,929.04	1,506,893,137
(b) Purchase of Stock-in-Trade	1,154,737.00	9,609,869
progress and stock-in-trade	(26,180,778.65)	(65,084,703)
(d) Employee Benefit Expenses	3,901,308.00	21,819,340
(e) Finance Costs	10,172,030.00	44,114,905
(f) Depreciation Expenses	9,760,216.00	39,169,552
(g) Other Expenses	23,656,570.00	143,242,581
<b>Total Expenses</b>	<b>285,524,011.39</b>	<b>1,699,764,682</b>
<b>(IV) Profit Before Exceptional and Extraordinary Items and Tax</b>	<b>34,190,757.61</b>	<b>78,118,366.61</b>
(V) Extra Ordinary Items	-	1,604,308.00
(VI) Profit Before Tax	<b>34,190,757.61</b>	<b>79,722,674.61</b>
<b>(VII) Tax Expenses</b>		
(a) Current Tax	8,253,509.95	13,500,000.00
(b) Deferred Tax	1,915,014.78	3,178,836.56
(c) Mat Credit Written Off	-	1,801,154.90
<b>(VIII) Profit For the Year</b>	<b>24,022,232.87</b>	<b>61,242,683.15</b>
<b>(IX) Earning Per Equity Share</b>		
(a) Basic Earning Per Share	1.88	4.80
(b) Diluted	1.88	4.80
(c) Weighted Average Number of Equity Share	12,745,849	12,745,849

For KSA & Co.  
Chartered Accountants  
Firm Registration Number: 003822C

RASMI RANJAN JATI  
Partner

Membership Number: 511397

UDIN: 23511397B6XYL12019

Place: New Delhi

Date: 14/08/2023

For Ashnoor Textile Mills Limited

Suneel Gupta  
Managing Director

Sangeeta Gupta  
Whole Time Director

Girish Singh Adhikari  
CFO

**ASHNOOR TEXTILE MILLS LIMITED**  
**Groupings of Balance Sheet**  
**Current Assets**

Particulars	Quarter Ended 30-Jun-23
<b>Trade Receivables</b>	
Arad Textile Industires Limited	11,653,362.00
DFW MOTEL SUPPLY & TEXTILES INC	9,768,426.00
GARNIER THIEBAUT INC	51,598,726.00
INTERNATIONAL TRADING COMPANY	39,995,962.00
JOHN RITZENTHALER COMPANY	397,563.00
Manchester Mills	22,005,544.00
MIAMI BEACH BUYING BUREAU,LLC	9,091,325.00
PARADIGM ONE LLC	24,438,230.00
Sigmatex, INC	4,262,903.00
ESTPOINT HOME LLC	67,557,787.00
Gupta Traders	10,970,025.00
Krishna Trading Co	93,068.00
R S K Enterprises	1,214.00
Sanjay Kumar	50,000.00
Shashi Hoodloom	6,968.00
Shree Shyam Enterprises(Ram Swarop)	131.00
Sanudrishti Exports Private Limited	4,447,225.00
Dr Lal Path	17,010.00
Dev Textile	373.00
Bhavik Terryfab	317,881.00
Sidh Traders	769,104.00
Silver Angel Impex Limited	23,078,366.00
Vidhi Exports (Towel)	839,908.00
<b>Total</b>	<b>281,361,101.00</b>
<b>Bank Balance in Current Account</b>	
Bank of Baroda, IBB, New Delhi	39,022,971.00
<b>Total</b>	<b>39,022,971.00</b>
<b>Bank Balance in EEFC Account</b>	
Bank of Baroda - EEFC Account	-
<b>Total</b>	<b>-</b>
<b>Bank Deposit</b>	
With BOB, Gurgaon	172,030.00
With BOB, New Delhi	2,613,605.00
With R B L , Gurugram	2,607,552.00
<b>Total</b>	<b>5,393,187.00</b>



**Cash-in-Hand**

Main - Cash	1,096,918.00
Imprest - Cash	2,588.00
<b>Total</b>	<b>1,099,506.00</b>
<b>Total Cash and Cash Equivalents</b>	<b>45,515,664.00</b>

**Liquid Fund Investment**

BARODA DYNAMIC EQUITY FUND	1,000,000.00
BOB MUTUAL FUND	1,500,000.00
Canara Robeco Emerging Equity Fund (G)	2,999,850.00
CANARA ROBECO FLEXI CAP FUND (G)	1,799,910.00
Dsp Equity Opportunities Fund (G)	2,799,860.00
Dsp Flexi Cap Fund(G)	7,999,600.00
Dsp India T.I.G.E.R. Fund (G)	499,975.00
HDFC BANKING AND FINANCIAL SERVICES FUND(G)	1,499,925.00
Hdfc Business Cycle Fund- REGULAR (G)	3,099,845.00
HDFC FLEXI FUND (G)	3,399,830.00
HDFC LARGE AND MID CAP FUND(G)	1,499,925.00
Kotak Business Cycle Fund-REGULAR (G)	1,299,935.00
KOTAK EQUITY OPPORTUNITY FUND (G)	3,199,840.00
KOTAK FOCUSED EQITY FUND (G)	3,199,840.00
SBI BANKING & FINANCIAL SERVICES FUND (G)	299,985.00
SBI CONTRA FUND (G)	299,985.00
SBI FLEXICAP FUND(G)	99,995.00
SBI LARGE AND MIDCAP FUND (G)	299,985.00
Sbi Technology Opportunities Fund (G)	99,995.00
TATA BANKING AND FINANCIAL SERVICES FUND (G)	1,499,925.00
Tata Business Cycle Fund(G)	599,970.00
Tata Digital India Fund(G)	599,970.00
UTI-BANKING AND FINANCIAL SERVICES FUND (G)	585,970.00
UTI- FLEXI CAP FUND (G)	6,895,655.00
UTI-INFRASTRUCTURE FUND (G)	2,989,851.00
UTI-MID CAP FUND (G)	149,993.00
UTI- TRANSPORTATION & LOGISTICS FUND (G)	2,549,873.00
<b>Total</b>	<b>52,769,487.00</b>

**Other Loan & Advances**

Advance to Suppliers	10,638,599.00
Advances to Staff	486,965.00
<b>Total</b>	<b>11,125,564.00</b>

**Deposit**

Security Deposit - Electricity (H O)	22,500.00
Security Deposit - Engee Gas	28,000.00
Security Deposit - Membership DLF	200,000.00
Security Deposit - Pollution Control Board	450,000.00



Security Deposit - Raghu Gas Service	2,000.00
Security Deposit - Amritsar	60,000.00
	<u>762,500.00</u>

#### Advance TAX & TDS

Advance Tax	2,500,000.00
Tax Collection at Source	568.00
Tax Deduction at Source	263,275.00
<b>Total</b>	<u>2,763,843.00</u>

#### Other Receivable

Duty Draw Back Receivable	4,746,493.00
Prepaid Exp	1,423,724.00
Prepaid Interest on Bill Discounting	433,661.00
GST Input	5,472,281.00
GST Input - Electronic Ledger	19,753,317.00
T Refund	33,658,247.00
Insurance Claim - Receivable	1,278,008.00
Dakshin Haryana Bijli	9,805,134.00
Vat Receivable	1,748,956.00
Globe Capital Market Ltd	50,273,920.00
<b>Total</b>	<u>128,593,741.00</u>

#### Non - Current Assets

Excise Duty Paid Under Protest	10,000,000.00
<b>Total</b>	<u>10,000,000.00</u>

#### Investment

Aditya Birla Capital	2,714,831.00
Birlasoft Limited - Stock	3,149,419.00
B O I - Stock	1,675,000.00
Federal Bank - Stock	4,835,912.00
MR Airport Infra Limited	2,633,622.00
IDFC First Bank Limited (Share)	3,005,180.00
Indian Railway Fin Corp Ltd - Stock	909,090.00
Jsw Energy Limited- Stock	2,381,797.00
Kirloskar Ferrous - Stock	1,785,177.00
Kirlosker Electr Co - Stock	1,721,985.00
National Building - Stock	1,043,750.00
N L C India Limited - Stock	1,230,000.00
Rain Industries Limited-Stock	1,496,764.00
Rashtriya Chem - Stock	2,554,920.00
Ratan India Power Limited - Stock	445,000.00
Shipping Corporation - Stock	2,619,634.00
South Indian Bank - Stock	2,187,500.00



Stock- B O B	7,713,500.00
Stock-Bombay Dyeing	1,029,775.00
Stock-Canara Bank	9,199,533.00
Stock- Central Bank of India	930,000.00
Stock-General Insurance Co	1,815,288.00
Stock-Indiabulls Real Esta	2,110,000.00
Stock - L & T Finance Holdings	4,255,500.00
Stock- Maharashtra Seamless	2,490,000.00
Stock-Mtar Technologies Limited	1,581,000.00
Stock - P N B	5,246,720.00
Stock-Power Finance Corporation	1,210,093.00
Stock-Radico Khait	2,062,292.00
Stock - R B L Bank	1,228,524.00
Stock- Rec Limited	1,080,000.00
Stock-The New India Assura	2,535,000.00
Stock - Yes Bank	1,740,000.00
zlon Energy Limited - Stock	1,160,000.00
Tata Power Company - Stock	2,282,976.00
UCO Bank - Stock	1,476,000.00
Union Bank of India - Stock	4,254,973.00

WELSPUN INDIA LIMITED - STOCK 1,532,533.00

**Total** 93,323,288.00

**Long Term Investments**

Unit Link Fund - India First 9,200,000.00

Sovereign Gold Bond 95,969.00

**Total** 9,295,969.00



**ASHNOOR TEXTILE MILLS LIMITED**

**Groupings of Balance Sheet**

**Current Liability**

Particulars	Quarter Ended 30-Jun-23
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**Share Capital**

**Authorised Capital**

1,27,50000 equity shares of Rs 10 each at par 127,500,000

**Paid up Capital**

1,27,45,849 equity shares of Rs 10 each 127458490

Less calls in Arrears 0

**Net Paid up Capital** 127458490



**Reserves and Surpluses**

Share premium	24,000,000
Capital Reserve	3,233,969
Balance in Profit & Loss Account B/f	411567200
Add current Profit	24022232.87
<b>Total</b>	<b>462,823,402</b>

**Other Liability****Non Current Liability**

Dr Lal Pathlabs	1,050,000.00
CORPORATE SOCIAL RESPONSIBILITY PROVISION	1,538,163.00
Late Payment Charges of EPF and ESIC	2,205,076.00
<b>Total</b>	<b>4,793,239.00</b>

**Secured Loan****Working Capital**

Packing Credit	341,768,657.00
Bills Discounted	68,454,422.00
Current Maturity Term Loan - 1512	17,804,879.00
Current Maturity Term Loan - 1610	10,681,549.00
Current Maturity Term Loan - 1514	18,333,333.00
Current Maturity Term Loan - 1508	2,933,851.00
Current Maturity Term Loan - 1536	8,333,200.00
<b>Total</b>	<b>468,309,891.00</b>

**UnSecured Loan - Long Term**

Sangeeta Gupta	16,158,129.00
Abhinav Gupta	20,571,500.00
Noor Gupta	37,550,000.00
Suneel Gupta	18,979,776.00
<b>Total</b>	<b>93,259,405.00</b>

**Long Term Secured Loan**

Current Maturity Term Loan - 1512	32,863,593.00
Current Maturity Term Loan - 1610	24,852,537.00
Current Maturity Term Loan - 1514	21,388,889.00
Current Maturity Term Loan - 1508	2,932,859.00
Current Maturity Term Loan - 1536	66,666,800.00
<b>Total</b>	<b>148,704,678.00</b>

**UnSecured Loan - Short Term**

Sangeeta Gupta	-
Abhinav Gupta	-
Noor Gupta	-





Suneel Gupta

**Total**

-  
-  
-

**Advance Received from Customers & Others**

A B International	131,623.00
Dressco Point	1,027,691.00
Keshav Overseas	417,189.00
M K Traders	16,576.00
Shushank Enterprises	999,145.00
Smart Creation	500,000.00
Surender Textile	882.00
R K Textile	219,751.00
<b>Total</b>	<b>3,312,857.00</b>

**LONG TERM PROVISIONS**

**Provision for Employee Benefits**

(a) Gratuity (unfunded)	2,437,499.00
(b) Bonus	3,335,392.00
(c) Leave Encashment (unfunded)	1,770,358.00
<b>Total</b>	<b>7,543,249.00</b>

**Expenses Payable**

Statutory Audit Fee Payable	112,500.00
Secretarial Audit Fee Payable	60,000.00
Internal Audit Fee Payable	90,000.00
Electricity Charges -Plant - Payable	4,941,923.00
Electricity Charges -Plant - Hauz Khas	33,850.00
Freight - Gurugram to Port - Provision	482,769.00
Freight - Local on Export - Provision	90,000.00
Packing and Forwarding - Provision	370,255.00
Ocean Freight - Provision	523,142.00
Security Service Charges - Payable	110,721.00
Credit Card Payable	1,559,314.00
Credit Card Payable	(29,196.00)
Commission - Payable	1,752,529.00
<b>Total</b>	<b>10,097,807.00</b>

**SHORT TERM PROVISION**

**(a) Provision for Employee Benefits**

(i) Salary and Reimbursement	5,396,336.00
(ii) Employees Contribution To Provided Fund	518,916.00
(iii) Employees Contribution to ESI	103,560.00
(iv) Staff Welfare Fund Payable	112,539.00
(v) Director Sitting Fee	50,000.00

**(b) Others**

(i) Income Tax	8,485,954.00
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**Total** 14,667,305.00

**Duties and Taxes**

TDS - Contractor	74,038.00
TDS - Advertisement	118.00
TDS - Rent	6,000.00
TDS - Purchase	72,698.00
TDS - Demand	104,545.00
TDS - Professional	48,538.00
TCS- Rejected Sale	2,979.00
TCS- Sale	5,663.00
TDS - Salary	100,000.00
GST - Payable	5,668,549.00
<b>Total</b>	<u><b>6,083,128.00</b></u>

**Trade Payables**

Creditors - Dyes and Chemical	786,289.00
Creditors - Freight	2,771,809.00
Creditors - Fuel & Petcoke	7,910,312.00
Creditors - Machinery & Spares	1,891,002.00
Creditors - Packing Material	30,622,323.00
Creditors - Yarn	22,249,485.00
Creditors - Others	5,260,408.00
<b>Total</b>	<u><b>71,491,628.00</b></u>

**Deferred Tax Liability**

	30.06.23	31.03.23
Difference of WDV of fixed assets between books and inco	(150,521,421.63)	(149,452,475.10)
Disallowances under section 43B	-	6,539,376.00
<b>Net Temporary Difference</b>	<b>(150,521,421.63)</b>	<b>(142,913,099.10)</b>
Effective Rate of Income Tax	25.17%	25.17%
<b>Deferred Tax Assets (Liability)</b>	<b>(37,886,241.83)</b>	<b>(35,971,227.04)</b>
Less: Charged in Previous Year	(35,971,227.04)	(32,792,390.48)
<b>Net Deferred Tax Assets (Liability)</b>	<b>(1,915,014.78)</b>	<b>(3,178,836.56)</b>



**ASHNOOR TEXTILE MILLS LIMITED**

**Groupings of Profit & Loss Account**

<b>Particulars</b>	<b>Quarter Ended 30-Jun-23</b>
<b>Note 1</b>	
<b>Sale of Product</b>	
Export	193,280,501.00
<b>Domestic</b>	
Sale - Fresh	35,345,668.00
Sale - Second	4,444,651.00
Sale - Waste	1,715,390.00
Sale - Towel Roll	47,103,406.00
Sale - Licence	27,714,979.00
Sale - Job Work	2,398,459.00
<b>Total</b>	<b>118,722,553.00</b>
<b>Note 2</b>	
<b>Other Operative Income</b>	
<b>Export Incentives</b>	
Foreign Exchange Fluctuation	425,694.00
Duty Drawback- Exports	5,349,656.00
<b>Total</b>	<b>5,775,350.00</b>
<b>Other Non Operative Income</b>	
Dividend Income	1,200.00
Interest on Electricity Security	326,206.00
Rebate & Discount	801,928.00
Rental Income	1,102,500.00
Intereest On F D	1,078.00
Short Term Gain / Loss	(296,547.00)
<b>Total</b>	<b>1,936,365.00</b>
<b>Total of other Operative &amp; Non Operative Income</b>	<b>7,711,715.00</b>



**ASHNOOR TEXTILE MILLS LIMITED**

**Groupings of Profit & Loss Account**



**Quarter Ended**

## Particulars

30-Jun-23

## Note 3

## Raw Material Consumed

Opening Stocks	67,654,645.00
Purchases	213,650,654.00
	<b>281,305,299.00</b>
Closing Stocks	(89,472,649.96)
Consumption of Raw Material	<b>191,832,649.04</b>

## Opening Stocks

Purchases - Towels

Purchases - Rugs

Closing Stock

Consumption of Stock in Trade

	-
	1,154,737.00
	<b>1,154,737.00</b>
	-
	<b>1,154,737.00</b>

## Packing Material Consumed

Opening Stocks

Purchases

Closing Stocks

Consumption of Packing Material

	6,140,787.00
	8,883,352.00
	<b>15,024,139.00</b>
	(5,805,962.00)
	<b>9,218,177.00</b>

## Fuel &amp; Pet Coke Consumed

Opening Stocks

Purchases

Closing Stocks

Consumption of Fuel

	2,620,781.00
	10,364,387.00
	<b>12,985,168.00</b>
	(1,401,804.00)
	<b>11,583,364.00</b>

## Dyes, Chemicals and Consumables Consumed

Opening Stocks

Purchases

Closing Stocks

Consumption of Dyes &amp; Chemicals

	4,386,647.00
	10,920,820.00
	<b>15,307,467.00</b>
	(3,108,865.00)
	<b>12,198,602.00</b>



**Other Manufacturing Expenses**

Freight and Cartage	1,239,743.00
Repair and Maintenance	7,413,844.00
Electricity Charges - Factory	14,017,692.00
Manufacturing Wages	13,168,354.00
Company's Contribution to PF and ESI	1,266,455.00
Other Expenses	1,121,049.00
<b>Total</b>	<b>38,227,137.00</b>
<b>Cost of Material Consumed</b>	<b>263,059,929.04</b>

**Note 4****Change in Inventory of finished, work-in-progress and stock-in-trade****Opening Stock**

Work-in-Progress	116,150,549.00
Finished Goods	158,585,892.00
<b>Total</b>	<b>274,736,441.00</b>

**Closing Stock**

Work-in-Progress	128,319,653.64
Finished Goods	172,597,566.01
<b>Total</b>	<b>300,917,220</b>
<b>Change in Inventory</b>	<b>26,180,779</b>

**Note 5****Employee Benefit Expenses****Administrative & Director Remuneration and Other Benefits**

Salary	1,829,056.00
House Rent Allowance	435,419.00
Conveyance	240,801.00
Independent Director Remuneration	-
Director Remuneration	1,350,000.00
<b>Total</b>	<b>3,855,276.00</b>

**Contribution to PF and ESI on Administrative Staff**

Administration Charges	886.00
Employees State Insurance	26,472.00



Employees Provident Fund	10,632.00
Staff Welfare Fund	8,042.00
<b>Total</b>	<b>46,032.00</b>
<b>Total Employee Benefit Expenses</b>	<b>3,901,308.00</b>

**ASHNOOR TEXTILE MILLS LIMITED**

**GROUPINGS OF PROFIT AND LOSS ACCOUNT**

**PARTICULARS**

Quarter Ended

30-Jun-23

**Note 6**

**Finance Costs**

**Interest**

Interest on Packing Credit (INR)	4,111,161.00
Interest on Bills Discounted	1,119,464.00
Interest on overdue Bills	321,212.00
Interest on Term Loan	4,193,898.00
<b>Total</b>	<b>9,745,735.00</b>

**Bank Charges**

Bank Charges - Bills Discounted	43,050.00
Bank Charges - Foreign Remittance	283,266.00
Bank Charges - Limit	-
Bank Charges - Forward Early Utilization	-
Bank Charges - Others	99,979.00
<b>Total</b>	<b>426,295.00</b>
<b>Total Finance Costs</b>	<b>10,172,030.00</b>

**Note 7**

**Administrative Expenses**

**Legal & Professional**

Professional Charges	760,668.00
Legal Exp	135,000.00
Listing Fees	415,000.00
<b>Total</b>	<b>1,310,668.00</b>



**Rent , Rates and Taxes**

Revenue Stamps/Stamp Papers/House Tax	4,290.00
Boiler/Explosive/DG Inspection	-
License Fees/Custom Duty/MCA Fess/ROC Charges	-
<b>Total</b>	<b>4,290.00</b>

**Communication Expenditure**

Mobile/Land Line Exp	51,454.00
Internet Charges	41,664.00
<b>Total</b>	<b>93,118.00</b>

**Travelling Expenditure**

Traveling Director- Foreign	1,524,768.00
Traveling Director - Local	-
Traveling Exp	1,700.00
Conveyance	29,479.00
<b>Total</b>	<b>1,555,947.00</b>

**Other Expenses**

Printing and Stationery	73,568.00
Office Exp	174,716.00
Computer Maintenance	66,010.00
Statutory Audit Fee	112,500.00
Secretarial Audit Fee	60,000.00
Internal Audit Fee	90,000.00
Rent - Amritsar	180,000.00
Electricity & Water Charges - Hauz Khas	4,347.00
Electricity & Water Charges - Provision	33,850.00
Demat Charges	6,225.00
Pooja Expenses	256,617.00
Pantry Expenses	119,198.00
Vehicle Maintenance	476,762.00
Interest and Penalty	3,991.00
GST Exp	143,188.00
Courier Charges	82,838.00
Horticulture Exp	63,305.00
Compliance Audit Fee	67,200.00



Membership Fee/Subscription Charges/Certification Charges	229,107.00
Staff Welfare	174,441.00
STT & Brokerage	48,196.00
AMC	50,155.00
Insurance	471,012.00
Round off	(13.00)
<b>Total</b>	<b><u>2,987,213.00</u></b>

**Freight Outward**

Ocean Freight	2,264,762.00
Ocean Freight - Provision	523,142.00
Air Freight	101,376.00
Freight - Gurugram to Port	1,942,598.00
Freight - Gurugram to Port - Provision	482,769.00
Freight - Local on Export	383,270.00
Freight - Local on Export - Provision	90,000.00
Packing & Forward	1,371,375.00
Packing & Forward - Provision	370,255.00
Weightment Charges	66,500.00
<b>Total</b>	<b><u>7,596,047.00</u></b>

**Sales Promotion**

Sale Promotion	6,717,145.00
Advertisement	11,840.00
Commission on Sales	1,627,773.00
Commission on Sales - Provision	1,752,529.00
<b>Total</b>	<b><u>10,109,287.00</u></b>

**Total Administrative Expenses**

**23,656,570.00**





**Independent Auditor's Report on Quarterly Standalone Financial Results and Standalone year to date Results of M/s. Ashnoor Textil Mills Limited pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Limited Review Report**

To,  
The Board of Directors  
Ashnoor Textile Mills Limited  
Behrampur Road, Village Khandsa  
Gurgaon, Haryana-122002

We have audited the standalone financial results ('the Statement') of Ashnoor Textile Mills Limited, for the quarter and year ended December 31, 2023 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Regulation'), read with SEBI Circular No. CIRJCFD/FAC/62/20 16 dated July 5, 2016 ('the Circular').

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- a. is presented in accordance with the requirements of the Regulation 33 of the Listing Regulations in this regard; and
- b. give a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards ('IND AS'), and other accounting principles generally accepted in India, of the net loss and other comprehensive income and other financial information for the period ended 31<sup>st</sup> Dec, 2023.

**Basis for Opinion**

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

**Management's and Board of Directors' Responsibilities for the Standalone Financial Results**

These standalone financial results have been prepared based on the standalone annual financial statements.



The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net loss and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

### **Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results**

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

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

1. Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion through a separate report on the complete set of financial statements on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial results made by the Management and Board of Directors.
4. Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the stand alone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the Standalone Financial Results of the Company to an opinion on the Standalone Financial Results.

Materiality is the magnitude of misstatements in the Standalone Financial Results that, individually or in aggregate, makes it probable that the economic decision of a reasonably knowledgeable user of the Standalone Financial Results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Results.

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

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



**Other Matters**

The standalone annual financial results include the results for the quarter ended 31<sup>st</sup> Dec, 2023 being the balancing figure between the audited figures in respect of the full financial year and the published unaudited year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

**For KSA& Co.**  
**Chartered Accountants**  
**Firm registration No: 003822C**

  
  
**RASMI RANJAN JATI**  
**Partner**  
**Membership No: 511397**  
**Place : New Delhi**  
**Date : February 13, 2024**

## ASHNOOR TEXTILE MILLS LTD.

CIN: L17226HR1984PLC033384

Registered Office : Behrampur Road, Khandsa Village, Gurgaon, Haryana- 122001, India, Tel: +91 (0124) - 4809755

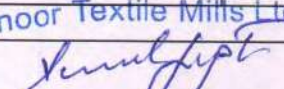
E mail: atml\_delhi@yahoo.com | Website : ashnoortext.com

## UNAUDITED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTH ENDED 31ST DECEMBER, 2023

(Rs.in Lakhs)

S.No:	PARTICULARS	Quarter Ended			Nine Months Ended		Year Ended
		31-Dec-23	30-Sep-23	31-Dec-22	31-Dec-23	31-Dec-22	31.03.2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from Operations	3,087.12	3,097.25	2,351.04	9,362.15	14,128.56	17,695.46
2	Other Income	179.93	190.69	3.88	389.98	63.80	83.37
3	<b>Total Income (1+2)</b>	<b>3,267.06</b>	<b>3,287.94</b>	<b>2,354.92</b>	<b>9,752.14</b>	<b>14,192.36</b>	<b>17,778.83</b>
4	<b>Expenses</b>						
a)	Cost of materials consumed	2,379.68	2,522.84	2,084.39	7,533.12	11,990.55	15,068.93
b)	Purchases of stock-in-trade	26.17	26.75	23.92	64.47	67.70	96.10
c)	Changes in inventories of finished goods, work-in-progress and stock-in-trade	(6.08)	(95.34)	(346.45)	(363.23)	(184.22)	(650.85)
d)	Employee Benefits Expense	39.28	41.24	40.25	119.53	131.35	218.19
e)	Finance Costs	154.96	165.23	86.89	421.91	328.49	441.15
f)	Depreciation and Amortization Expense	179.66	137.38	131.55	414.64	383.34	391.70
g)	Administration and Other Expenses	294.85	291.07	284.35	822.49	1,109.97	1,432.43
	<b>Total Expenses (4a to 4g)</b>	<b>3,068.50</b>	<b>3,089.17</b>	<b>2,304.87</b>	<b>9,012.92</b>	<b>13,827.16</b>	<b>16,997.65</b>
5	Profit before Exceptional Items and Tax (3-4)	198.55	198.77	50.04	739.21	365.19	781.20
6	Exceptional Items	(16.18)	-	-	(16.18)	-	16.04
7	Profit Before Tax (5+6)	182.37	198.77	50.04	723.03	365.19	797.21
8	<b>Tax Expense</b>						
a)	Current Tax	49.07	50.36	5.97	181.97	91.91	135.00
b)	Deferred Tax	(17.50)	(5.52)	8.90	(3.87)	(27.28)	31.79
c)	Mat Written off/ Earlier Year Provisions	46.74	-	-	46.74	-	18.01
9	Profit for the Quarter / Year from continuing operations (7-8)	104.06	153.93	35.17	498.19	300.56	612.41
10	Profit /Loss from discontinued operations	-	-	-	-	-	-
11	Tax expense of discontinued operations	-	-	-	-	-	-
12	Profit /Loss from discontinued operations after tax (10-11)	-	-	-	-	-	-
13	Profit /Loss for the period (9+12)	104.06	153.93	35.17	498.19	300.56	612.41
14	Other Comprehensive Income (net of taxes)	-	-	-	-	-	-
a)	Items that will not be reclassified to Profit & Loss (A)	-	-	-	-	-	-
b)	Items that will be reclassified to Profit & Loss (B)	-	-	-	-	-	-
15	Total Comprehensive Income for the quarter / year (13+14)	104.06	153.93	35.17	498.19	300.56	612.41
16	Paid-up equity share capital (Face Value of Rs.10/- each)	1,274.58	1,274.58	1,273.95	1,274.58	1,273.95	1,273.95
	Other Equity	-	-	-	-	-	4,388.01
	Earning Per Equity Share (Face Value of Rs. 10/- each) from continuing operations						
a)	Basic EPS	0.82	1.21	0.28	3.91	2.36	4.80
b)	Diluted EPS	0.82	1.21	0.28	3.91	2.36	4.80
17	Earning per share from discontinued operations						
a)	Basic EPS	-	-	-	-	-	-
b)	Diluted EPS	-	-	-	-	-	-
18	Earning per share from continuing and discontinued operations						
a)	Basic EPS	0.82	1.21	0.28	3.91	2.36	4.80
b)	Diluted EPS	0.82	1.21	0.28	3.91	2.36	4.80
Ratio							

For Ashnoor Textile Mills Ltd


  
 Authorised Signatory

a)	Debt Service Coverage Ratio	1.07	1.25	0.68	1.38	0.99	1.82
b)	Interest Service Coverage Ratio	2.07	2.20	1.58	2.68	2.11	2.77
c)	Debt Equity Ratio	1.33	1.22	1.31	1.33	1.31	1.25
d)	Current Ratio	1.71	1.75	1.96	1.71	1.96	1.85
e)	Long Term debt to working capital	0.54	0.57	0.70	0.54	0.70	0.66
f)	Bad debts to accounts receivable ratio	-	-	-	-	-	-
g)	Current liability ratio	0.72	0.68	0.58	0.72	0.58	0.62
h)	Total debt to total assets	0.55	0.50	0.54	0.55	0.54	0.51
i)	Debtors Turnover	1.08	1.11	0.52	3.14	2.62	3.54
j)	Inventory Turnover	0.69	0.61	0.60	1.92	3.50	3.91
k)	Operating Margin (%)	4.66%	5.60%	5.99%	8.07%	4.66%	6.44%
l)	Net Profit Margin (%)	3.44%	4.98%	1.58%	5.44%	2.22%	3.46%

Ratio for the quarter / nine months have been annualised

ASHNOOR TEXTILE MILLS LIMITED

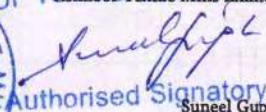
Statement of Standalone Financial Results for the Quarter & Nine Month Ended December 31, 2023

A	Financial Results	Rs. In Lakhs					
		Quarter Ended			Nine Months Ended		Year Ended
		31-Dec-23	30-Sep-23	31-Dec-22	31-Dec-23	31-Dec-22	31.03.2023
SL No.	Nature of Adjustment	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
(a)	Net Profit as per Previous Indian GAAP	104.06	153.93	35.17	498.19	300.56	612.41
(b)	Increase/ Decrease in Profit due to:						
(i)	Deferred Tax	-	-	-	-	-	-
(ii)	Inventory	-	-	-	-	-	-
(iii)	Fixed Assets	-	-	-	-	-	-
(iv)	Other Items	-	-	-	-	-	-
	Net Profit as per IND AS	104.06	153.93	35.17	498.19	300.56	612.41

Notes:

1	The above results Quarter and Nine Months ended December 31, 2023 have been reviewed by the Audit Committee and approved by the Board of Directors at its respective meetings held on February 13, 2024 and Limited Audit Review has been carried on by the Statutory Auditors.
2	The above statement of standalone unaudited financial result for the quarter and nine months ended December 31, 2023 are prepared in accordance with the Indian Accounting Standard (IND-AS) as prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
3	The "Company" operates only in one Business Segment i.e. "Terry Towel" hence does not have any reportable Segments as per Indian Accounting Standard 108" Operation Segments".
4	Previous quarter's/ year's figures have been regrouped / reclassified and rearranged, wherever necessary, to correspond with the current quarter's / year's classification / disclosure.
5	The company has received a demand notice from GST department raising demand of Rs 3.37 crore for the financial year 2018-19. The company is in process of filing representation against it. The same has not been provided in the profit and Loss Account

For and on behalf of Board of Directors of

Ashnoor Textile Mills Limited  
  
 Authorised Signatory  
 Suneel Gupta  
 Managing Director  
 DIN - 00052084

Place : Gurugram

Date : 13/02/2024

## ACCOUNTING RATIOS

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Financial Statements included in "Financial Statements".

*Amount in Rupees Lakhs except shares data or as otherwise stated  
(Rs. In Lakhs)*

Particulars	Nine months ended at December 31, 2023*	Year ended at		
		March 31, 2023	March 31, 2022	March 31, 2021
<b><u>Basic and Diluted Earnings Per Share (₹)</u></b>				
<b><u>Basic Earnings Per Share (Basic EPS)</u></b>				
Net profit after tax, attributable to equity shareholders	498.19	612.43	895.53	542.15
Weighted average number of Equity Shares outstanding	127.46	127.46	127.46	127.46
<b>Basic EPS in ₹</b>	<b>3.91</b>	<b>4.80</b>	<b>7.03</b>	<b>4.25</b>
<b>Face value in ₹</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b><u>Diluted Earnings Per Share (Diluted EPS)</u></b>				
Net profit after tax, attributable to equity shareholders	498.19	612.43	895.53	542.15
Weighted average number of shares considered for Calculating Diluted EPS	127.46	127.46	127.46	127.46
<b>Diluted EPS in ₹</b>	<b>3.91</b>	<b>4.80</b>	<b>7.03</b>	<b>4.25</b>
<b>Face value in ₹</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>	<b>10.00</b>
<b><u>Net Asset Value Per Equity Share (₹)</u></b>				
Net Asset Value (Net-worth),	6,160.78	5,661.96	5,049.54	4,154.00
Number of equity shares outstanding at the year end	127.46	127.46	127.46	127.46
No. of adjusted equity shares outstanding at the year end	127.46	127.46	127.46	127.46
<b>Net Assets Value per equity share (₹)</b>	<b>48.34</b>	<b>44.42</b>	<b>39.62</b>	<b>32.59</b>
<b><u>*Return on Net worth</u></b>				
Net Profit after tax,	498.19	612.43	895.53	542.15
Net worth	6,160.78	5,661.96	5,049.54	4,154.00
<b>Return on net worth</b>	<b>8.09%</b>	<b>10.82%</b>	<b>17.73%</b>	<b>13.05%</b>
<b><u>EBITDA</u></b>				
Profit/(loss) after tax (A)	498.19	612.43	895.53	542.15
Income tax expense (B)	224.85	184.80	306.50	155.71
Finance costs (C)	421.91	441.15	353.86	245.81

Depreciation and amortization expense (D)	414.64	391.70	368.60	308.45
Exceptional item	(16.18)	16.04	-4.45	67.61
<b>EBITDA (A+B+C+D)</b>	<b>1,575.77</b>	<b>1,614.03</b>	<b>1,928.96</b>	<b>1,184.52</b>

(\*) *Not annualized.*

The ratios have been computed as per the following formulae:

(i) **Basic and Diluted Earnings per Share**

Net Profit after tax, attributable to equity shareholders

Weighted average number of equity shares outstanding during the year

(ii) **Net Assets Value (NAV)**

Net Asset Value, at the end of the year

Number of equity shares outstanding at the end of the year

(iii) **Return on Net worth (%)**

Net Profit after tax, attributable to equity shareholders

Net worth (excluding revaluation reserve), at the end of the year

Net-worth (excluding revaluation reserve), means the aggregate value of the paid-up share capital (including shares pending allotment) and securities premium account, after adding surplus in Statement of Profit and Loss.

(iv) **EBITDA**

Profit/(loss) after tax for the period adjusted for income tax, expense, finance costs, depreciation and amortization expense, as presented in the standalone statement of profit and loss.

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## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*The following discussion is intended to convey management's perspective on our financial condition and results of operations for the financial year ended on March 31, 2023, and March 31, 2022, and March 31, 2021. One should read the following discussion and analysis of our financial condition and results of operations in conjunction with our section titled "Financial Statements" and the chapter titled "Financial Information" on page 93 of the Letter of Offer. Our audited standalone financial statements for the financial year ended March 31, 2023, March 31, 2022, and March 31, 2021, are prepared in accordance with Ind AS. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 22 of this Letter of Offer. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, kindly refer to the chapter titled "Forward-Looking Statements" on page 18 of this Letter of Offer. Our financial year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular financial year are to the 12-month period ending March 31 of that year.*

*In this section, unless the context otherwise requires, any reference to "we", "us" or "our" refers to Ashnoor Textile Mills Limited, our Company. Unless otherwise indicated, financial information included herein are based on our standalone financial statements ended on March 31, 2023, March 31, 2022, and March 31, 2021, included in this Letter of Offer beginning on page 93 of this Letter of Offer.*

### **BUSINESS OVERVIEW**

Our Company was originally incorporated as Gupta Carpets Udyog Limited under the Companies Act, 1956, with a certificate of incorporation issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on January 21, 1984. Subsequently the name of our Company was changed from "Gupta Carpets Udyog Limited" to "GCUL Limited" and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital Territory of Delhi and Haryana on July 11, 1995. Thereafter the name of our Company was subsequently changed from "GCUL Limited" to "Ashnoor Textile Mills Limited" and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, National Capital and Territory of Delhi and Haryana on April 29, 1999. The Registered office of our Company was shifted on October 24, 1996 to Behrampur, Khandsa Village, Gurgaon, Haryana - 122001, India.

Our Company is primarily engaged in manufacturing of terry towels to cater to the hospitality industry. It also manufactures colored towels as per the demand in the targeted market and all activities of the Company revolve around this main business as a single unit. Further there are no geographical segments as all the operations of the Company are in India only.

As on June 30, 2023, the Company has produced over 845 tons of high-quality terry towels. The Company constantly strives towards maintaining high sets of standards in all areas, whether be in combing the yarn or shipping towels overseas. It also focuses on maintaining exceptional quality from warping to packaging for all the customers. Ashnoor is exporter of terry towels and generates more than 75% of the overall sales from exports made globally. More than 90% of the products are exported to the USA. The products are sold to wholesalers in the USA, who further sell them to the Hotels which are basically the end users.

## **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled “*Risk Factors*” on page 22 of this Letter of Offer. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations in Haryana, Gurugram;
- Any qualifications or other observations made by our statutory auditors that may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units;
- Any adverse outcome in the legal proceedings in which we are involved;
- Our ability to maintain and enhance our brand image;
- Our reliance on third-party suppliers for our products;
- Our ability to successfully execute our expansion strategy in a timely manner;
- General economic and business conditions in the markets in which we operate and in the local, regional, and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interstate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices, or other rates or prices;
- Our ability to expand our geographical area of operation;
- The performance of the financial markets in India and globally;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Subsidiary, Individual Promoter, and other related parties;
- Changes in domestic and foreign laws, regulations, and taxes and changes in competition in our industry;
- Termination of customer contracts without cause and with little or no notice or penalty;
- Inability to obtain, maintain, or renew requisite statutory and regulatory permits and approvals or non-compliance with and changes in, safety, health, and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations, and prospects and
- Other factors beyond our control.

## DISCUSSION ON RESULT OF OPERATIONS

### *Overview of Revenue & Expenditure*

Our revenue and expenses are reported in the following manner:

#### **Revenues**

##### ◆ **Revenue of operations**

The Company is mainly in the business of manufacturing and exporting terry towels. The revenue from operations includes domestic and export sales, sale of licenses, export incentives like duty drawbacks etc. and foreign exchange fluctuations.

##### ◆ **Other Income**

Our other income mainly consists of interest, dividends, rental income, net gain/loss on investments, and other non-operating income.

#### **Expenditure**

Our total expenditure primarily consists of the cost of material consumed, changes in inventories, purchase of stock in trade, employee benefit expenses, finance costs, depreciation and amortization expenses, and other expenses.

##### ◆ **Cost of material consumed**

The Company is in the business of manufacturing terry towels and the Company requires various types of cotton yarns, dyes, packaging materials, chemicals, stores and spares, power and fuel etc.

##### ◆ **Purchase of Stock in Trade**

The Company purchased towels, rugs for the production process.

##### ◆ **Change in Inventories**

Our change in inventories comprises a change in the opening and closing of work in process and finished goods.

##### ◆ **Employee Benefit Expenses**

It includes Salaries, Incentives, the Company's contribution to PF and ESI, and Staff Welfare.

##### ◆ **Finance Costs**

Our finance costs mainly include Processing and Bank charges, and interest on term loans and working capital.

◆ **Depreciation**

Depreciation has been provided as per the useful life prescribed under schedule II of the Companies Act, 2013 on a Straight Line Method (SLM) on pro-rata basis.

◆ **Other Expenses**

It mainly includes Business Promotion expenses, Travelling and Conveyance, Auditor's remuneration, legal and professional charges, rent, day-to-day expenses, fees and subscriptions, CSR Expenses, Commission, electricity and water expenses, and other expenses and change in inventories.

**RESULTS OF OUR OPERATION ON THE BASIS OF STANDALONE BASIS**

The table below sets forth a summary of our Standalone financial results containing significant items of our income and expenses for year ended March 31, 2023 and 2022 based on our Financial Statements included in the section titled "Financial Information" on page 93.

(₹ in Lakh)

Particulars	Standalone Financial Statement				% of Increase/ (Decrease) 2022-23	% of Increase/ (Decrease) 2021-22
	31-Mar-23	31-Mar-22	Increase/ (Decrease) 2022-23	Increase/ (Decrease) 2021-22		
	Audited	Audited				
<b>INCOMES:</b>						
Revenue from Operations	17,695.46	26,185.73	(8,490.27)	14,362.17	(32.42)	121.47
Other income	83.37	46.48	36.89	(5.33)	79.37	(10.29)
<b>Total Revenue</b>	<b>17,778.83</b>	<b>26,232.21</b>	<b>(8,453.38)</b>	<b>14,356.84</b>	<b>(32.23)</b>	<b>120.90</b>
<b>EXPENSES:</b>						
Purchase of Stock in Trade	96.10	2,489.31	(2,393.21)	2,414.47	(96.14)	3226.18
Cost of Material consumed	15,068.93	18,624.35	(3,555.42)	8,446.13	(19.09)	82.98
Change in Inventory of finished, work-in progress and stock-in-trade	(650.85)	547.23	-	-	-	-
Other Expenses	781.58	3,008.63	(2,227.05)	2,711.52	(74.02)	912.63
Employee Benefit Expenses	218.19	180.96	37.23	40.28	20.57	28.63
<b>Total Expense</b>	<b>16,164.80</b>	<b>24,303.25</b>	<b>(8,138.45)</b>	<b>13,612.40</b>	<b>(33.49)</b>	<b>127.33</b>
<b>Profit before Interest, Depreciation, and Tax</b>	<b>1,614.03</b>	<b>1,928.96</b>	<b>(314.93)</b>	<b>744.44</b>	<b>(16.33)</b>	<b>62.85</b>
Depreciation and amortization expenses	391.70	368.60	23.10	60.15	6.27	19.50
<b>Profit before Interest and Tax</b>	<b>1,222.33</b>	<b>1,560.36</b>	<b>(338.03)</b>	<b>684.29</b>	<b>(21.66)</b>	<b>78.11</b>
Financial Charges	441.15	353.86	87.29	108.05	24.67	43.96
Share of profit/loss of associates	-	-	-	-	-	-
<b>Profit/(Loss) before tax and Extra-Ordinary Items</b>	<b>781.18</b>	<b>1,206.50</b>	<b>(425.32)</b>	<b>576.24</b>	<b>(35.25)</b>	<b>91.43</b>
Extra-Ordinary Item	16.04	(4.45)	20.49	(72.06)	(460.45)	(106.58)
<b>Profit/(Loss) before tax</b>	<b>797.22</b>	<b>1,202.05</b>	<b>(404.83)</b>	<b>504.18</b>	<b>(33.68)</b>	<b>72.25</b>
Total tax expenses	184.80	306.50	(121.70)	150.78	(39.71)	96.83
<b>Profit/(loss) after Tax</b>	<b>612.42</b>	<b>895.55</b>	<b>(283.13)</b>	<b>353.40</b>	<b>(31.62)</b>	<b>65.18</b>

The table below sets forth a summary of our Standalone financial results containing significant items of our income and expenses for the nine months ended December 31, 2023 & 2022, based on our Financial Statements included in the section titled "Financial Information" on page 93.

Particulars	Standalone Financial Statement			
	31-Dec-23	31-Dec-22	Increase/ Decrease	%
	(Unaudited)	(Unaudited)		
<b>INCOMES:</b>				
Revenue from Operations	9,362.15	14,128.56	(4,766.41)	(33.74)
Other income	389.98	63.80	326.18	511.25
<b>Total Revenue</b>	<b>9,752.14</b>	<b>14,192.36</b>	<b>(4,440.22)</b>	<b>(31.29)</b>
<b>EXPENSES:</b>				
Purchase of Stock In Trade	64.47	67.70	(3.23)	(4.77)

Cost of Material consumed	7,533.12	11,990.55	(4,457.43)	(37.17)
Other Expenses	822.49	1,109.97	(287.48)	(25.90)
Employee Benefit expenses	119.53	131.35	(11.82)	(9.00)
<b>Total Expense</b>	<b>8,176.38</b>	<b>13,115.35</b>	<b>(4,938.97)</b>	<b>(37.66)</b>
<b>Profit before Interest, Depreciation and Tax</b>	<b>1,575.76</b>	<b>1,077.01</b>	<b>498.75</b>	<b>46.31</b>
Depreciation and amortization expenses	414.64	383.34	31.30	8.17
<b>Profit before Interest and Tax</b>	<b>1,161.12</b>	<b>693.67</b>	<b>467.45</b>	<b>67.39</b>
Financial Charges	421.91	328.49	93.42	28.44
Share of profit/loss of Associates				
<b>Profit/(Loss) before tax</b>	<b>739.21</b>	<b>365.18</b>	<b>374.03</b>	<b>102.42</b>
Extraordinary Items	-16.18	0	-16.18	100.00
<b>Profit before Tax</b>	<b>723.03</b>	<b>365.18</b>	<b>357.85</b>	<b>97.99</b>
Total Tax Expenses	224.84	64.63	160.21	247.89
<b>Profit/(loss) after Tax</b>	<b>498.19</b>	<b>300.55</b>	<b>197.64</b>	<b>65.76</b>

## THE FISCAL YEAR ENDED MARCH 31, 2023, COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2022

### Income

Revenue from operations has decreased by ₹ 8,490.27 Lakhs and 32.42% from ₹ 26,185.73 Lakhs in the fiscal year ended March 31, 2022, to ₹ 17,695.46 Lakhs in the fiscal year ended March 31, 2023. The decrease in revenue is on account of the decrease in operations.

### Expenditure

Total Expenditure decreased by ₹ 8,138.45 Lakhs and 33.49%, from ₹ 24,303.25 Lakhs in the fiscal year ended March 31, 2022, to ₹ 16,164.80 Lakhs in the fiscal year ended March 31, 2023.

### Employee Benefit Expenses

Employee Benefit Expenses in terms of value and percentage increased by ₹ 37.23 Lakhs and 20.57% from ₹ 180.96 Lakhs in the fiscal year ended March 31, 2022, to ₹ 218.19 Lakhs in the fiscal year ended March 31, 2023.

### Other Expenses

Other Expenses in terms of value and percentage decreased by ₹ 2,227.05 Lakhs and 74.02% from ₹ 3,008.63 Lakhs in the fiscal year ended March 31, 2022, to ₹ 781.58 Lakhs in the fiscal year ended March 31, 2023.

### Profit before Tax

Profit before Tax has decreased by ₹ 404.83 Lakhs and 33.68% from ₹ 1,202.05 Lakhs in the fiscal year ended March 31, 2022, to ₹ 797.22 Lakhs in the fiscal year ended March 31, 2023.

## **Finance Costs**

Finance Costs in terms of value and percentage increased by ₹ 87.29 Lakhs and 24.67% from ₹ 353.86 Lakhs in the fiscal year ended March 31, 2022, to ₹ 441.15 Lakhs in the fiscal year ended March 31, 2023.

## **Depreciation and Amortization Expenses**

Depreciation in terms of value increased by ₹ 23.10 Lakhs and 6.27% from ₹ 368.60 Lakhs in the fiscal year ended March 31, 2022, to ₹ 391.70 Lakhs in the fiscal year ended March 31, 2023.

## **Net Profit after Tax and Extraordinary items**

Net Profit has increased by ₹ 283.13 Lakhs and 31.62% from the profit of ₹ 895.55 Lakhs in the fiscal year ended March 31, 2022, to profit of ₹ 612.42 Lakhs in the fiscal year ended March 31, 2023.

## **THE FISCAL YEAR ENDED MARCH 31, 2022, COMPARED WITH THE FISCAL YEAR ENDED MARCH 31, 2021**

### **Income**

Revenue from operations has increased by ₹ 14,362.17 Lakhs and 121.47% from ₹ 11,823.56 Lakhs in the fiscal year ended March 31, 2021, to ₹ 26,185.73 Lakhs in the fiscal year ended March 31, 2022. The increase in revenue is on account of the increase in operations.

### **Expenditure**

Total Expenditure increased by ₹ 13,612.40 Lakhs and 127.33%, from ₹ 10,690.85 Lakhs in the fiscal year ended March 31, 2021, to ₹ 24,303.25 Lakhs in the fiscal year ended March 31, 2022.

### **Employee Benefit Expenses**

Employee Benefit Expenses in terms of value and percentage increased by ₹ 40.28 Lakhs and 28.63% from ₹ 140.68 Lakhs in the fiscal year ended March 31, 2021, to ₹ 180.96 Lakhs in the fiscal year ended March 31, 2022.

### **Other Expenses**

Other Expenses in terms of value and percentage increased by ₹ 2,711.52 Lakhs and 912.63% from ₹ 297.11 Lakhs in the fiscal year ended March 31, 2021, to ₹ 3,008.63 Lakhs in the fiscal year ended March 31, 2022.

## **Profit before Tax**

Profit before Tax has increased by ₹ 504.18 Lakhs and 72.25% from ₹ 697.87 Lakhs in the fiscal year ended March 31, 2021, to ₹ 1,202.05 Lakhs in the fiscal year ended March 31, 2022.

## **Finance Costs**

Finance Costs in terms of value and percentage increased by ₹ 108.05 Lakhs and 43.96% from ₹ 245.81 Lakhs in the fiscal year ended March 31, 2021, to ₹ 353.86 Lakhs in the fiscal year ended March 31, 2022.

## **Depreciation and Amortization Expenses**

Depreciation in terms of value increased by ₹ 60.15 Lakhs and 19.50% from ₹ 308.45 Lakhs in the fiscal year ended March 31, 2021, to ₹ 368.60 Lakhs in the fiscal year ended March 31, 2022.

## **Net Profit after Tax and Extraordinary items**

Net Profit increased by ₹ 353.40 Lakhs and 65.18% from the profit of ₹ 542.15 Lakhs in the fiscal year ended March 31, 2021, to profit of ₹ 895.55 Lakhs in the fiscal year ended March 31, 2022.

## **FOR THE NINE MONTHS ENDED DECEMBER 31, 2023, COMPARED WITH THE NINE MONTHS ENDED DECEMBER 31, 2022**

### **Income**

Total revenue has decreased by Rs. 4,440.22 Lakhs and 31.29% from Rs. 14,192.36 Lakhs in the nine months ended December 31, 2022, to Rs. 9752.14 Lakhs in the nine months ended December 31, 2023. The decrease in revenue is on account of decrease in operation and other income.

### **Expenditure**

Total expenditure has decreased by Rs. 4,938.97 Lakhs and 37.66% from Rs. 13,115.35 Lakhs in the nine months ended December 31, 2022, to Rs. 8,176.38 Lakhs in the nine months ended December 31, 2023.

### **Employee Benefit Expenses**

Employee Benefit Expenses in terms of value and percentage decreased by Rs. 11.82 Lakhs and 9.00% from Rs. 131.35 Lakhs in the nine months ended December 31, 2022, to Rs. 119.53 Lakhs in the nine months ended December 31, 2023.

### **Other Expenses**

Other Expenses in terms of value and percentage decreased by Rs. 287.48 Lakhs and 25.90% from Rs. 1109.97 Lakhs in the nine months ended December 31, 2022, to Rs. 822.49 Lakhs in the nine months ended December 31, 2023.

### **Profit before Tax**

Profit before Tax including share of profit and loss of associates has increased by Rs. 357.85 Lakhs and

97.99% from Rs. 365.18 Lakhs in the nine months ended December 31, 2022, to Rs. 723.03 Lakhs in the nine months ended December 31, 2023.

**Finance Costs**

Finance Costs in terms of value and percentage increased by Rs. 93.42 Lakhs and 28.44% from Rs. 328.49 Lakhs in the nine months ended December 31, 2022, to Rs. 421.91 Lakhs in the nine months ended December 31, 2023.

**Depreciation & Amortization Expenses**

Depreciation in terms of value increased by Rs. 31.30 Lakhs and 8.17% from Rs. 383.34 Lakhs in the nine months ended December 31, 2022, to Rs. 414.64 Lakhs in the nine months ended December 31, 2023.

**Net Profit after Tax and Extraordinary items**

Net Profit has increased by Rs. 197.64 Lakhs and 65.76% from Rs. 300.55 Lakhs in the nine months ended December 31, 2022, to Rs. 498.19 Lakhs in the nine months ended December 31, 2023.

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## SECTION VI: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND DEFAULTS

*Our Company is subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business. Except as disclosed below there are no outstanding litigation involving our Company with respect to (i) issues of moral turpitude or criminal liability on the part of our Company, (ii) material violations of statutory regulations by our Company, (iii) economic offences where proceedings have been initiated against our Company, (iv) any matters which if they result in an adverse outcome would materially and adversely affect operations or financial position of our Company.*

For the purpose of point (iv) above, the Company shall consider the following criteria for determining the materiality of the events:

- (a) The omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or*
- (b) The omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;*
- (c) In case where the criteria specified in sub-clauses (a) and (b) are not applicable, an event / information may be treated as being material if in the opinion of the Board of Directors, the event or information is considered material.*

#### **A. LITIGATIONS INVOLVING OUR COMPANY**

##### **(I) Litigations filed against our Company**

###### **a. Matters involving issues of moral turpitude or criminal liability on the part of our Company.**

There are no matters involving issues of moral turpitude or criminal liability on the part of our Company.

###### **b. Matters involving material violations of Statutory Regulations by our Company.**

There are no matters involving material violations of Statutory Regulations by our Company.

###### **c. Economic Offences where proceedings have been initiated against our Company.**

There are no economic offences where proceedings have been initiated against our Company.

###### **d. Other proceedings involving our Company which are material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.**

###### ***Civil Matters***

Case filed by PF department involving a liability of Rs. 22.05 Lakhs in respect of payment of dues.

###### ***Tax Proceedings***

Nil

## II. Litigations filed by our Company

### *Civil Matters*

1. Writ filed in Punjab and Haryana High Court against Director of Drawbacks, New Delhi and Commissioner of Customs, Partap Ganj, Delhi and Deputy Commissioner of Customs, Patli, Gurgaon for recovery of Rebate of State Levies to the tune of Rs. 111.45 Lakh.
2. Case filed against Oriental Insurance Company Limited, in District Consumer Dispute Redressal Forum, Vikas Bhavan ITO, New Delhi for claim of Rs. 123.83 Lakh.

### *Tax Proceedings*

Nil

- B. LITIGATIONS INVOLVING OUR SUBSIDIARY COMPANIES – Not Applicable, as our Company does not have any subsidiary as on the date of this Letter of Offer.**

### **Other Disclosures**

- Our Company, its Promoters, Promoter Group, Directors or any companies with which the Directors of our Company are associated as directors or promoters have not been prohibited from accessing the capital markets under any order or direction passed by SEBI which is still in force.
- Promoters and Directors of our Company are not declared as fugitive economic offender.
- Neither our Company, our Directors nor our Promoters are or have been declared as willful defaulters or fraudulent borrower by a bank or financial institution or a consortium thereof in accordance with the guidelines issued by RBI.

### **Material development since the date of the last audited accounts**

In the opinion of the Board of the Company there have not arisen any circumstances since the date of the last financial statements as disclosed in the Letter of Offer and which materially and adversely affect or is likely to affect within the next twelve months except authorization by the Board of Directors to raise the funds by way of Rights Issue of Security.

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## **GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS**

Our Company is required to comply with the provisions of various laws and regulations and obtain approvals, registrations, permits and licenses under them for conducting our operations. The requirement for approvals may vary based on factors such as the activity being carried out and the legal requirements in the jurisdiction in which we are operating. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage. Our Company has obtained all material consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on our present business activities. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we will apply for their renewal, from time to time. As on the date of this Letter of Offer, there are no pending material approvals required for our Company, to conduct our existing business and operations.

### **Material pending government and regulatory approvals pertaining to the Objects of the Issue**

As on the date of this Letter of Offer, there are no material pending government and regulatory approvals pertaining to the Objects of the Issue.

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## **OTHER REGULATORY AND STATUTORY DISCLOSURES**

### **Authority for this Issue**

This Issue has been authorized by a resolution of our Board passed at its meeting held on July 21, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

The Board of Directors of our Company in its meeting held on August 14, 2023, has resolved to issue Rights Equity Shares to the Eligible Equity Shareholders, at an Issue Price of ₹ 20/- per Rights Equity Share, in the ratio of 1:4 i.e., 1 (One) Rights Equity Shares for every 4 (Four) Equity Shares, as held on the Record Date.

Our Company has received in-principle approvals from BSE in accordance with Regulation 28(1) of the Listing Regulations for listing of the Rights Equity Shares to be allotted in this Issue vide letter dated April 16, 2024.

Our Company will also make applications to BSE to obtain trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars. Our Company has been allotted the ISIN INE372I20018 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 111.

### **Prohibition by SEBI**

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Letter of Offer.

The companies with which our Promoters or our Directors are associated as promoters or directors have not been debarred from accessing the capital market by SEBI. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Letter of Offer.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

### **Eligibility for this Issue**

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the BSE Limited. Our Company is eligible to offer the Rights Equity Shares pursuant to the Issue in terms of applicable provisions of Chapter III of the SEBI ICDR Regulations, Part B of Schedule VI and other applicable provisions of the SEBI ICDR Regulations.

### **Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make application for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for this Issue.

### **Applicability of the SEBI ICDR Regulations:**

The present Issue being of less than ₹ 50 Crores. Our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations, to the extent applicable and our Company will file the copy of this Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI i.e., [www.sebi.gov.in](http://www.sebi.gov.in).

### **Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of the Letter of Offer with the SEBI and until date.
2. The reports, statements and information referred to above are available on the websites of stock exchanges.
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations. The Company has obtained a certificate from M/s Anil Arora & Associates, Company Secretaries dated November 16, 2023 certifying that the Company is in compliance with Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations.

### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER.**

### **Disclaimer clauses from our Company**

Our Company accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our

Company anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

### **Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Delhi, India only.

### **Designated Stock Exchange**

The Designated Stock Exchange for the purpose of this Issue is BSE Limited.

### **Disclaimer Clause of BSE**

As required, a copy of this Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

“BSE Limited (the “Exchange”) has given vide its letter dated April 16, 2024, permission to this Company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”

It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the Letter of Offer has been cleared or approved by BSE Limited, nor does it certify the correctness or completeness of any of the contents of the Letter of Offer. The investors are advised to refer to the Letter of Offer for the full text of the Disclaimer clause of the BSE Limited.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to

independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”

### **Filing**

The Letter of Offer has not been filed with the SEBI for its observations as the size of the issue is less than ₹ 50 Crores which does not require issuer to file Letter of Offer with SEBI. Issuer has filed Letter of Offer with BSE for obtaining in-principle approval.

### **Investor Grievances and Redressal System**

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e- acknowledgement (in case of normal process). For details on the ASBA process see “*Terms of the Issue*” on page 111. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

#### **Registrar to the Issue**

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

**Address:** C-101, 1st Floor, 247 Park, LBS Marg, Vikhroli (West), Mumbai –400 083, Maharashtra, India

**Telephone:** +91 81081 14949

**E-mail:** [ashnoortextile.rights2023@linkintime.co.in](mailto:ashnoortextile.rights2023@linkintime.co.in) | **Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact person:** Ms. Shanti Gopalakrishnan

**Investor grievance:** [ashnoortextile.rights2023@linkintime.co.in](mailto:ashnoortextile.rights2023@linkintime.co.in)

**CIN:** U67190MH1999PTC118368

**SEBI Registration No:** INR000004058

**Validity of Registration:** Permanent

**Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/Refund Orders etc.**

**Ms. Yashima Saluja, Company Secretary and Compliance Officer** of our Company. Her contact details are set forth hereunder:

Behrampur Road, Village Khandsa, Gurugram, Haryana – 122001

**Telephone:** 0124-4809755 | **Fax:** NA |

**Email:** [atml\\_delhi@yahoo.com](mailto:atml_delhi@yahoo.com) | **Website:** [www.ashnoortex.com](http://www.ashnoortex.com)

## SECTION VII: OFFERING INFORMATION

### TERMS OF THE ISSUE

*This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, before submitting an Application Form. Our Company is not liable for any amendments, modifications or changes in applicable law which may occur after the date of this Letter of Offer. Investors who are eligible to apply under the ASBA process, as the case may be, are advised to make their independent investigations and to ensure that the Application Form and the Rights Entitlement Letter is correctly filled up.*

*Investors are requested to note that application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.*

*The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents/ records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.*

*The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, including the Application Form and the Rights Entitlement Letter, the MOA and AOA of our Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.*

### OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the Allotment Advice.



**Important:***1) Dispatch and availability of Issue materials:*

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/dispatched, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at [www.ashnoortex.com](http://www.ashnoortex.com);
- b) the Registrar to the Issue at [www.linkintime.co.in](http://www.linkintime.co.in);
- c) the Stock Exchange at [www.bseindia.com](http://www.bseindia.com); and

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at (i.e., [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., [www.ashnoortex.com](http://www.ashnoortex.com)) and PAN.

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. However, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

*2) Facilities for Application in this Issue:*

**In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to**

**such Applications before making their Application through ASBA. For details, refer “Procedure for Application through the ASBA Process” on page 124.**

Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, titled “Procedure for Application through the ASBA Process” on page 124.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 02, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

***Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details refer “Grounds for Technical Rejection” on page 138. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.***

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, refer chapter titled “Application on Plain Paper under ASBA process” on page 127.

3) *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:*

*In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Resident Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account (namely, “ASHNOOR TEXTILE MILLS LIMITED-DEMAT ESCROW ACCOUNT 2024”) opened by our Company, for the Resident Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Resident Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders*

*holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings; or (g) Eligible Equity Shareholders who have not provided their Indian addresses.*

Eligible Equity Shareholders, whose Rights Entitlements are credited in demat suspense escrow account opened by our Company, are requested to provide relevant details (such as copies of self-attested PAN, valid address proof and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer.

Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN.

**PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, PER SE, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY.**

4) *Application by Resident Eligible Equity Shareholders holding Equity Shares in physical form:*

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to our Company or Registrar at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Shares may also apply in this Issue during the Issue Period.

Application by such Eligible Equity Shareholders is subject to following conditions:

- a) The Eligible Equity Shareholders are residents;
- b) The Eligible Equity Shareholders are not making payment from non-resident account;

- c) The Eligible Equity Shareholders shall not be able to renounce their Rights Entitlements; and
- d) The Eligible Equity Shareholders shall receive Rights Shares, in respect of their Application, only in demat mode.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Accordingly, such resident Eligible Equity Shareholders are required to send a communication to our Company containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self- attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail, or hand delivery, to enable process of credit of Rights Shares in such demat account.

5) *Application for Additional Equity Shares*

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “Basis of Allotment” beginning on page 142.

6) *Other important links and helpline:*

The Investors can visit following links for the below-mentioned purposes:

- a. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: [www.linkintime.co.in](http://www.linkintime.co.in)
- b. Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: [www.linkintime.co.in](http://www.linkintime.co.in)
- c. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: [www.linkintime.co.in](http://www.linkintime.co.in)

***Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.***

Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the renouncee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation.

## **Renouncees**

All rights or obligations of the Eligible Equity Shareholders in relation to Applications and refunds relating to the Issue shall, unless otherwise specified, apply to the Renouncee(s) as well.

## **Authority for the Issue**

This Issue has been authorized by a resolution of our Board passed at its meeting held on July 21, 2023 pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013. The Board of Directors of our Company in its meeting held on August 14, 2023 has resolved to issue Rights Equity Shares to the Eligible Equity Shareholders, at ₹ 20/- per Rights Equity Share, in the ratio of 1:4 i.e., 1 (One) Rights Equity Share for every 4 (Four) Equity Shares, as held on the Record Date.

Our Company has received in-principle approval from BSE in accordance with Regulation 28 of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to its letter dated April 16, 2024.

## **Basis for the Issue**

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

## **Rights Entitlement (“REs”) (Rights Equity Shares)**

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., Friday, April 26, 2024, are entitled to the number of Rights Equity Shares as set out in the Application Form.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue ([www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company ([www.ashnoortex.com](http://www.ashnoortex.com)).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialized form. If the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged

Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (“Issue Materials”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, see “*Notice to Investors*” on page 12.

## **PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS ISSUE**

### **Face Value**

Each Rights Equity Share will have the face value of ₹ 10/-.

### **Issue Price**

Each Rights Equity Share is being offered at a price of ₹ 20/- per Rights Equity Share in the Issue. The Issue Price has been arrived at by our Company prior to the determination of the Record Date.

The Rights Equity Shares issued in this Issue will be fully paid-up. The Board of Directors of the Company, at its meeting held on August 14, 2023, has determined the Issue Price.

### **Rights Entitlement Ratio**

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share(s) for every 4 (Four) Equity Share(s) held on the Record Date.

### **Rights of instrument holder**

Each Rights Equity Share shall rank pari passu with the existing Equity Shares of the Company.

### **Terms of Payment**

The entire amount of the Issue Price of ₹ 20/- (including premium of ₹ 10 per Rights Equity Share) per Rights Equity Share shall be payable at the time of Application.

Where an Applicant has applied for additional Rights Equity Shares and is allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/ blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

## **Renunciation of Rights Entitlements**

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rule and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, please see “*Procedure for Renunciation of Rights Entitlements*” on page 125.

### ***Trading of the Rights Entitlements***

In accordance with the ASBA Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchange under ISIN: INE372I20018. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. Investors shall be able to transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The transfer through On Market Renunciation and Off Market Renunciation will be settled through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+1 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Tuesday, May 07, 2024 to Monday, May 13, 2024 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date. For details, please see “*Procedure for Renunciation of Rights Entitlements – On Market Renunciation*” and “*Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*” on page 125 and 126 respectively. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date.

**PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.**

### **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 1:4 1 (One) Rights Equity Shares for every 4 (Four) Equity Share(s) held on the Record Date. For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 4 (Four) Equity Share(s) or not in the multiple of 4 (Four), the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored as above will be given preferential consideration for the Allotment of one Additional Rights Equity Share each if they apply for

Additional Rights Equity Shares over and above their Rights Entitlement.

For example, if an Eligible Equity Shareholder holds 5 (Five) Equity Shares, such Shareholder will be entitled to 1 Rights Equity Shares on a rights basis and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if the Shareholder has applied for additional Rights Equity Shares.

Also, those Equity Shareholders holding less than 3 (Three) Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. Application Forms with zero entitlement will be non-negotiable/non-renounceable.

### **Ranking**

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall rank *pari passu* with the existing Equity Shares of our Company, in all respects including dividends.

### **Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue**

As per the SEBI – Rights Issue Circular, the Rights Entitlements with a separate ISIN would be credited to the demat account of the respective Eligible Equity Shareholders before the issue opening date. On the Issue Closing date the depositories will suspend the ISIN of REs for transfer and once the allotment is done post the basis of allotment approved by the designated stock exchange, the separate ISIN: INE372I20018 for REs so obtained will be permanently deactivated from the depository system.

The existing Equity Shares of our Company are listed and traded under the ISIN: INE372I01018 on BSE. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE subject to necessary approvals. Our Company has received in-principle approval from BSE through letter no. LOD/RIGHT/TT/FIP/84/2023-24 dated April 16, 2024. Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Upon receipt of such listing and trading approval, the Rights Equity Shares proposed to be issued pursuant to the Issue shall be debited from such temporary ISIN and credited in the existing ISIN and thereafter be available for trading under the existing ISIN as fully paid-up Equity Shares of our Company. The temporary



ISIN shall be kept blocked till the receipt of final listing and trading approval from the Stock Exchange.

The Rights Equity Shares allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares shall be taken within the specified time.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

### **Subscription to the Issue by our Promoters and Promoter Group**

For details of the intent and extent of the subscription by our Promoters and Promoter Group, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue*” on page 45.

### **Compliance with SEBI (ICDR) Regulations**

Our Company shall comply with the applicable provisions of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

### **Rights of holders of Equity Shares**

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to vote in person, or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right of free transferability of Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights on such Rights Equity Shares in this Issue.

### **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the

same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

## **Nomination**

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

*Since the Allotment of Rights Equity Shares is in dematerialized form only, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in the Issue. Nominations registered with respective Depository Participant of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective Depository Participant.*

## **Restrictions on transfer and transmission of shares and on their consolidation/splitting**

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not effected unless the securities are held in the dematerialized form with a depository.

## **Notices**

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send/dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue materials only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

## **PROCEDURE FOR APPLICATION**

### **How to Apply**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and**

**ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

For details of procedure for application by the Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, refer “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 131.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” beginning on page 127.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

## **Application Form**

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent (i) only to e-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses; (ii) only to the Indian addresses of the resident Eligible Equity Shareholders, on a reasonable effort basis, whose e-mail addresses are not available with our Company or the Eligible Equity Shareholders have not provided the valid email address to our Company; (iii) only to the Indian addresses of the non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company; and (iv) to the e-mail addresses of foreign corporate or institutional shareholders.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlements Letter shall be sent through e-mail or physical delivery, as applicable before the Issue Opening Date.

**Please note that neither our Company nor the Registrar shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).**

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit [www.linkintime.co.in](http://www.linkintime.co.in). Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- a) Our Company at [www.ashnoortex.com](http://www.ashnoortex.com)
- b) The Registrar to the Issue at [www.linkintime.co.in](http://www.linkintime.co.in); and
- c) The Stock Exchange at [www.bseindia.com](http://www.bseindia.com).

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e., [www.ashnoortex.com](http://www.ashnoortex.com)).

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares by (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

**Please note that Applications without depository account details shall be treated as incomplete and shall be rejected.**

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN could lead to rejection of the Application. For details, please see “*Grounds for Technical Rejection*” on page 138. Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” on page 127.

#### **Options available to the Eligible Equity Shareholders**

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at

[www.linkintime.co.in](http://www.linkintime.co.in) and link of the same would also be available on the website of our Company at ([www.ashnoortex.com](http://www.ashnoortex.com)). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

### **Procedure for Application through the ASBA process**

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorization to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

### **Self-Certified Syndicate Banks**

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Company, its directors, employees, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

### **Acceptance of this Issue**

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as

permitted by the Stock Exchanges.

**Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.**

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 127.

### **Additional Rights Equity Shares**

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to applicable sectorial caps, and in consultation if necessary, with the Designated Stock Exchange and in the manner prescribed under the section titled “*Terms of the Issue*” on page 111. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “*Basis of Allotment*” on page 142.

***Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.***

***Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.***

***Pursuant to the SEBI Rights Issue Circulars, resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.***

### **Procedure for Renunciation of Rights Entitlements**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off - market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that

may be levied for trading in Rights Entitlements. Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

**PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.**

**THE REGISTRAR AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS.**

**a) On Market Renunciation**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time. The Rights Entitlements are tradable in dematerialized form only.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., Tuesday, May 07, 2024 to Monday, May 13, 2024 (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+1 rolling settlement bases, where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

**b) Off Market Renunciation**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialized form only. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN, the

details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants. The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

### ***Applications on Plain Paper under ASBA process***

An Eligible Equity Shareholder who has neither received the Application Form nor is in a position to obtain the Application Form either from our Company, Registrar to the Issue or from the website of the Registrar, can make an Application to subscribe to the Issue on plain paper through ASBA process. Eligible Equity Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorizing such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

The envelope should be super scribed “***Ashnoor Textile Mills Limited – Rights Issue***” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Equity Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. may make an Application to subscribe to the Issue on plain paper, along with an account payee cheque or demand drawn at par, net of bank and postal charges, payable at Mumbai and the Investor should send such plain paper Application by registered post directly to the Registrar to the Issue. For details of the mode of payment, see “*Modes of Payment*” on page 129 in Chapter “Terms of the Issue”.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

- Name of our Issuer, being Ashnoor Textile Mills Limited;
- Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- Registered Folio Number/ DP and Client ID No.;
- Number of Equity Shares held as on Record Date;
- Allotment option preferred - only Demat form;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of Additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for within the Right Entitlements;



- Total amount paid at the rate of ₹ 20 per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for Applications on behalf of the Central or State Government, the residents of Sikkim and officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue. Documentary evidence for exemption to be provided by the applicants;
- Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
- Additionally, all such Applicants are deemed to have accepted the following:

*“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar, or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, or any other person acting on behalf of us have reason to believe is a resident of the United States “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

*“I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.*

*I/We acknowledge that the Company, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in). Our Company and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

#### **Last date for Application**

The last date for submission of the duly filled in Application Form is Thursday, May 16, 2024. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date. If the Application together with the amount payable is either (i) not blocked with an SCSB; or (ii) not received by the Bankers to the Issue or the Registrar on or before the close of banking hours on the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under “*Terms of the Issue - Basis of Allotment*” on page 142.

#### **Modes of Payment**

**All payments against the Application Forms shall be made only through ASBA facility.** The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility. In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the

Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

#### ***Mode of payment for Resident Investors***

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

#### ***Mode of payment for Non-Resident Investors***

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar or our Company.

*Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard.*

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.
- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares in the Issue.

#### **Procedure for application by Resident Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details

of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit [www.linkintime.co.in](http://www.linkintime.co.in).

#### **Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form.**

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar not later than two Working Days prior to the Issue Closing Date;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c) The Eligible Equity Shareholders can access the Application Form from: i. Our Company at [www.ashnoortex.com](http://www.ashnoortex.com); ii. the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in) iii. the Stock Exchange at [www.bseindia.com](http://www.bseindia.com). Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., at [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., [www.ashnoortex.com](http://www.ashnoortex.com));
- d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

PLEASE NOTE THAT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE

RIGHTS ENTITLEMENTS ARE HELD BY SUCH INVESTOR ON THE ISSUE CLOSING DATE, AS THE CASE MAY BE. FOR DETAILS, PLEASE SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 143.

### **Allotment of the Rights Equity Shares in Dematerialized Form**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE.**

#### **General instructions for Investors**

- (a) Please read the Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circulars, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.
- (c) Please read the instructions on the Application Form sent to you.
- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- (e) Application should be made only through the ASBA facility or using.
- (f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 127 of the Chapter “Terms of the Issue”.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (j) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts,

(k) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

**(l) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar.**

(m) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.

(n) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

(o) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore. ***Cash payment or payment by cheque or demand or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process.*** In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(p) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(q) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.

(r) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(s) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.

(t) Please note that subject to SCSBs complying with the requirements of SEBI Circular No.

CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

- (u) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
- (v) In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

*Additional general instructions for Investors in relation to making of an application.*

- (a) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete about any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (b) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, and Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- (c) By signing the Application Forms, Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (d) Investors are required to ensure that the number of Equity Shares applied for by them does not exceed



the prescribed limits under the applicable law.

- (e) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (f) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (g) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (h) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (i) Do not submit multiple Applications.
- (j) No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.
- (k) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

#### **Do's:**

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.

#### **Don'ts:**

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

#### **Do's for Investors applying through ASBA:**

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have authorized the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- (e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- (g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

#### **Don'ts for Investors applying through ASBA:**

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), and a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB

only.

- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

### **Grounds for Technical Rejection**

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one Application Form for Rights Entitlements available in a particular Demat account.
- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand s.

- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non- U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

Our Company may, in consideration with the Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove.

**IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.**

**Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.**

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository

Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories.

The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

### **Multiple Applications**

In case where multiple Applications are made in respect of the same Rights Entitlements using same demat account, such Applications shall be liable to be rejected. ***A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications.*** Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications.

A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple Applications. For details, please see “Procedure for Applications by Mutual Funds” below. Cases where Investor submits Application Forms along with plain paper or multiple plain paper Applications shall be treated as multiple Applications.

In cases where multiple Application Forms are submitted, such Applications shall be treated as multiple applications and are liable to be rejected other than multiple applications submitted by any of our Promoters or members of Promoter Group for subscribing any unsubscribed portion of this Issue as described in “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*” on page 45.

### **Underwriting**

The Issue is not underwritten.

### **Last date for Application**

The last date for submission of the duly filled in the Application Form or a plain paper Application is Thursday, May 16, 2024, i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the heading, “Basis of Allotment” on page 142.

Please note that on the Issue Closing Date, (i) the Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges. Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

### Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, may withdraw their Application post the Issue Closing Date.

### Issue Schedule

Last Date for credit of Rights Entitlements:	Thursday, May 02, 2024
Issue Opening Date:	Tuesday, May 07, 2024
Last Date for On Market Renunciation#:	Monday, May 13, 2024
Issue Closing Date*:	Thursday, May 16, 2024
Finalization of Basis of Allotment (on or about):	Friday, May 24, 2024
Date of Allotment (on or about):	Friday, May 24, 2024
Date of credit (on or about):	Thursday, May 30, 2024
Date of listing (on or about):	Monday, June 03, 2024

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

*\*Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

## **Basis of Allotment**

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/have applied for Rights Equity Shares renounced in its/their favor, in full or in part, as adjusted for fractional entitlement.
- (b) As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored, therefore those Equity Shareholders holding less than 4 (Four) Equity Shares would be entitled to 'Zero' Rights Equity Shares under this Issue, Application Form with 'Zero' entitlement will be send to such shareholders. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the allotment of 1 (One) Additional Rights Equity Share if, such Equity Shareholders have applied for the Additional Rights Equity Shares, subject to availability of Rights Equity shares post allocation towards Rights Entitlement applied for. Allotment under this head shall be considered if there are any un- subscribed Equity Shares after Allotment under (a) above. If the number of Rights Equity Shares required for Allotment under this head is more than number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange, being BSE, and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who have applied for the full extent of their Rights Entitlement and have also applied for Additional Rights Equity Shares shall be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are unsubscribed Rights Equity Shares after making full Allotment under (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour and also have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares shall be made on a proportionate basis as part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person that our Board may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of Regulation 3(1)(b) of the SEBI Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

- (a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Application;
- (b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (c) The details of rejected ASBA Applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

### **Allotment Advices/Refund Orders**

Our Company will email Allotment advice, refund intimations or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialized mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay requisite interest at the rate of 15% per annum from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

### **Payment of Refund**

#### ***Mode of making refunds***

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

#### ***Refund payment to Non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.



### **Allotment advice or Demat Credit**

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

### **Receipt of the Rights Equity Shares in Dematerialised Form**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form only. Our Company has signed an agreement dated February 19, 2008, with NSDL and an agreement dated May 31, 2007, with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALISED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- Open a beneficiary account with any Depository Participant (*care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company*). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
- The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will

not get any Rights Equity Shares and the Application Form will be rejected.

- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders whose Equity Shares are with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
- Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

## **PROCEDURE FOR APPLICATIONS BY CERTAIN CATEGORIES OF INVESTORS**

### **Procedure for Applications by FPIs**

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be reclassified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying)

directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- i. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- ii. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

### **Procedure for Applications by AIFs, FVCIs and VCFs**

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue.

Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

### **Procedure for Applications by NRIs**

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“Restricted Investors”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

### **Procedure for Applications by Mutual Funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

### **Procedure for applications by Systemically Important NBFCs**

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

### **Payment by stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years

or fine of an amount extending up to ₹ 50 lakhs or with both.

### **Disposal of Applications and Application Money**

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form to the Eligible Equity Shareholders upon submission of the Application. Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at the rate of 15% p.a. within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

### **Utilization of Issue Proceeds**

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

### **Undertakings by our Company**

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.

- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) No further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

## **Filing**

The Letter of Offer has not been filed with the SEBI for its observations as the size of the issue is less than ₹ 50 Crores which does not require issuer to file Letter of Offer with SEBI. Issuer has filed Letter of Offer with BSE for obtaining in-principle approval.

## **Withdrawal of the Issue**

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Company, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchanges where the Equity Shares may be proposed to be listed.

### **Important**

Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 22.

All enquiries in connection with the Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “*Ashnoor Textile Mills Limited – Rights Issue*” on the envelope to the Registrar at the following address:

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

**Address:** C-101, 1st Floor, 247 Park, LBS Marg, Vikhroli (West), Mumbai –400 083, Maharashtra, India

**Telephone:** +91 8108114949

**E-mail:** [ashnoortextile.rights2023@linkintime.co.in](mailto:ashnoortextile.rights2023@linkintime.co.in) | **Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact Person:** Ms. Shanti Gopalakrishnan

**Investor Grievance:** [ashnoortextile.rights2023@linkintime.co.in](mailto:ashnoortextile.rights2023@linkintime.co.in)

**CIN:** U67190MH1999PTC118368

**SEBI Registration No:** INR000004058

**Validity of Registration:** Permanent

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar [www.linkintime.co.in](http://www.linkintime.co.in).

The Issue will remain open from Tuesday, May 07, 2024 to Thursday, May 16, 2024. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

### **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (“DPIIT”) makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA. The DPIIT also issues the Consolidated Foreign Direct Investment Policy (“FDI Policy”) from time to time. The regulatory framework pertaining to foreign investment, over a period of time, thus, consists of acts, regulations, master circulars, press notes, press releases, and clarifications among other amendments. India’s current FDI Policy issued by the DPIIT with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT till October 15, 2020. In terms of the FDI Policy, Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic

route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and FEMA Regulations has now been entrusted to the concerned Administrative Ministries/Departments. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the nonresident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI. As per Regulation 7 of the Foreign Exchange Management (Nondebt Instruments) Rules, 2019, the RBI has given general permission to Indian companies to issue securities on rights basis to non-resident shareholders including additional securities under the rights issue. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, as amended, issued by the RBI, nonresidents may, inter alia, (i) subscribe for additional securities over and above their rights entitlement; (ii) renounce the securities offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the securities renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, Allotment of Rights Equity Shares and issue of Allotment advice. If an NR or NRI Investor has specific approval from the RBI, in connection with their shareholding, they should enclose a copy of such approval with the Application. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Equity Shares. The Rights Equity Shares purchased by non- residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. The above information is given for the benefit of the Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

*The above information is given for the benefit of the Applicants / Investors. Our Company and are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.*



## SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date.

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at [www.ashnoortex.com](http://www.ashnoortex.com) from the date of this Letter of Offer until the Issue Closing Date.

#### Material Contracts for the Issue

- (i) Registrar Agreement dated November 29, 2023, entered into amongst our Company and the Registrar to the Issue.
- (ii) Escrow Agreement dated February 10, 2024 amongst our Company, the Registrar to the Issue and the Bankers to the Issue.

#### Material Documents

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Resolution of the Board of Directors dated July 21, 2023, in relation to the Issue.
- (iii) Resolution of our Board of Directors dated August 14, 2023, finalizing the terms of the Issue including Issue Price and the Rights Entitlement Ratio.
- (iv) Resolution of our Rights Issue Committee dated April 22, 2024, finalizing the Record Date.
- (v) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, the Registrar to the Issue for inclusion of their names in the Letter of Offer in their respective capacities.
- (vi) Statement of Tax Benefits dated October 05, 2023 from the Statutory Auditor included in this Letter of Offer.
- (vii) Tripartite Agreement dated February 19, 2008 between our Company, NSDL, and the Registrar to the Issue.
- (viii) Tripartite Agreement dated May 31, 2007 between our Company, CSDL, and the Registrar to the Issue.
- (ix) In principle listing approval dated April 16, 2024 issued by BSE Limited.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act, 2013 and other relevant statutes.

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations, and guidelines issued by the Government of India, or the rules, regulations, or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Suneel Gupta**

**DIN: 00052084**

**Managing Director**

**Date: April 22, 2024**

**Place: Gurugram**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations, and guidelines issued by the Government of India, or the rules, regulations, or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Sangeeta Gupta**

**DIN: 00052121**

**Whole Time Director**

**Date: April 22, 2024**

**Place: Gurugram**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations, and guidelines issued by the Government of India, or the rules, regulations, or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Abhinav Gupta**

**DIN: 02766867**

**Whole Time Director**

**Date: April 22, 2024**

**Place: Gurugram**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Noor Gupta**

**DIN: 03611790**

**Director**

**Date: April 22, 2024**

**Place: Gurugram**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Anil Aggarwal**

**DIN: 00224118**

**Non-Executive Independent Director**

**Date: April 22, 2024**

**Place: Amritsar**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Sanjay Arora**

**DIN: 07815311**

**Non-Executive Independent Director**

**Date: April 22, 2024**

**Place: Amritsar**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Divya Agarwal**

**DIN: 08016384**

**Non-Executive Independent Director**

**Date: April 22, 2024**

**Place: New Delhi**



## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY THE DIRECTOR**

**Sd/-**

**Naresh Kumar Aggarwal**

**DIN: 00224371**

**Non-Executive Independent Director**

**Date: April 22, 2024**

**Place: Amritsar**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER**

**Sd/-**

**Girish Singh Adhakari**  
**Chief Financial Officer**

**Date: April 22, 2024**

**Place: Gurugram**

## **DECLARATION**

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Letter of Offer are true and correct.

### **SIGNED BY COMPANY SECRETARY**

**Sd/-**

**Yashima Saluja**

**Membership No.: A36764**

**Company Secretary & Compliance Officer**

**Date: April 22, 2024**

**Place: Gurugram**