



RAJAPALAYAM MILLS LIMITED

Our Company was incorporated as ‘Rajapalayam Mills Limited’ as a public limited company under the India Companies Act, 1913 (Act VII of 1913) at Rajapalayam pursuant to certificate of incorporation dated February 24, 1936 issued by the Registrar of Joint Stock Companies, Ramnad. Thereafter, our Company was granted the certificate of commencement of business dated December 22, 1936. There has been no change in the name and address of Registered Office of our Company since its incorporation.

Registered Office: Rajapalayam Mills Premises, Post Box No. 1, P.A.C. Ramaswamy Road, Rajapalayam – 626 117, Tamil Nadu, India;
Telephone:+91-4563-235666; **Email:** rajacot@ramcotex.com; **Website:** www.rajapalayammills.co.in;
Contact Person: A. Arulpranavam, Company Secretary and Compliance Officer; **Email:** investorgrievance@ramcotex.com;
Corporate Identity Number: L17111TN1936PLC002298

| | | |
|--|--|---|
| PROMOTERS OF OUR COMPANY – P R VENKETRAMA RAJA AND P V ABINAV RAMASUBRAMANIAM RAJA. | | |
| FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF RAJAPALAYAM MILLS LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY | | |
| <p>ISSUE OF UP TO 6,14,680 FULLY PAID-UP EQUITY SHARES WITH A FACE VALUE OF ₹10 EACH (“RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹569 EACH INCLUDING A SHARE PREMIUM OF ₹559 PER RIGHTS EQUITY SHARE (“ISSUE PRICE”) AGGREGATING TO AN AMOUNT UP TO ₹3,497.53 LAKHS* ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARE FOR EVERY 14 (FOURTEEN) FULLY PAID UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON FRIDAY, DECEMBER 30, 2022 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 56.9 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE THE CHAPTER TITLED “TERMS OF THE ISSUE” BEGINNING ON PAGE 114.</p> <p><i>*Assuming full subscription.</i></p> | | |
| WILFUL DEFAULTER OR FRAUDULENT BORROWER | | |
| NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS IS CATEGORISED AS A WILFUL DEFAULTER OR A FRAUDULENT BORROWER. | | |
| GENERAL RISKS | | |
| <p>Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the Investors is invited to the statement of “Risk Factors” beginning on page 18.</p> | | |
| COMPANY’S ABSOLUTE RESPONSIBILITY | | |
| <p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regards to the Company and the Issue, which is material in the context of this Issue, and that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.</p> | | |
| LISTING | | |
| <p>The existing Equity Shares of our Company are listed on BSE Limited (“BSE”/ “Stock Exchange”). Our Company has received an “in-principle” approval from BSE for listing of the Rights Equity Shares to be allotted in this Issue pursuant to letter dated December 13, 2022. Our Company will also make an application to the Stock Exchange to obtain the trading approval for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. BSE shall be the Designated Stock Exchange for the purpose of this Issue.</p> | | |
| LEAD MANAGER TO THE ISSUE | | REGISTRAR TO THE ISSUE |
|  <p>Vivro Financial Services Private Limited Vivro House, 11, Shashi Colony, Opposite Suvudha Shopping Center, Paldi, Ahmedabad – 380 007, Gujarat, India. Telephone: +91-79-4040 4242 Email: rml.rights@vivro.net Website: www.vivro.net Investor Grievance Email: investors@vivro.net Contact Person: Anshul Nenawati / Samir Santara SEBI Registration Number: INM000010122</p> | |  <p>Cameo Corporate Services Limited Subramanian Building, No. 1, Club House Road, Chennai - 600 002, Tamil Nadu, India Telephone: + 91-44-40020700; Email: priya@cameoindia.com Website: www.cameoindia.com / https://rights.cameoindia.com/rajapalayam1 Investor Grievance Email: investor@cameoindia.com Contact Person: K. Sreepriya SEBI Registration Number: INR000003753</p> |
| ISSUE PROGRAMME* | | |
| ISSUE OPENS ON | LAST DATE FOR ON MARKET RENUNCIATION* | ISSUE CLOSES ON# |
| WEDNESDAY, JANUARY 18, 2023 | THURSDAY, FEBRUARY 2, 2023 | TUESDAY, FEBRUARY 7, 2023 |

*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.

#Our Board or Rights Issue Committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted 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”, “Statement of Special Tax Benefits”, “Financial Information”, “Outstanding Litigations and Defaults” and “Terms of the Issue” on pages 68, 64, 88, 102 and 114 respectively, shall have the meaning given to such terms in such sections.

General terms

| Term | Description |
|---|--|
| “Rajapalayam Mills Limited” or “RML” or “Our Company” or “the Issuer” | Rajapalayam Mills Limited, a public limited company incorporated under the Companies Act, 1913 and having its registered office at Rajapalayam Mills Premises, Post Box No. 1, PAC Ramaswamy Road, Rajapalayam – 626 117, Tamil Nadu, India. |

Company related terms

| Term | Description |
|---|--|
| Articles / Articles of Association / AoA | The Articles of Association of our Company, as amended from time to time. |
| Associate Companies | Our Associate Companies as on the date of the Letter of Offer includes The Ramco Cements Limited, Ramco Industries Limited and Ramco Systems Limited |
| Auditor / Statutory Auditor | The joint statutory auditors of our Company, being M/s. N.A. Jayaraman & Co., Chartered Accountants and M/s SRSV & Associates, Chartered Accountants. |
| Audited Consolidated Financial Statements | The audited consolidated financial statements of our Company for the financial year ended March 31, 2022 which comprises of the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity for the year ended March 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details, see “ <i>Financial Statements</i> ” on page 88. |
| Board / Board of Directors | Board of Directors of our Company, including any committees thereof. |
| Equity Share(s) | The equity shares of our Company of a face value of ₹10 each, unless otherwise specified in the context thereof. |
| Independent Director(s) | The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations. |
| Key Management Personnel / KMP | Key management / managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “ <i>Our Management – Our Key Management Personnel and Senior Management Personnel</i> ” on page 86. |

| Term | Description |
|---|--|
| Memorandum of Association / MoA | Memorandum of association of our Company, as amended from time to time. |
| Promoter(s) | The Promoters of our Company, namely P R Venketrama Raja and P V Abinav Ramasubramaniam Raja. |
| Promoter Group | The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations. |
| Registered Office | The registered office of our Company located at Rajapalayam Mills Premises, Post Box No. 1, PAC Ramaswamy Road, Rajapalayam – 626 117, Tamil Nadu, India |
| Registrar of Companies/ RoC | The Registrar of Companies, Tamil Nadu at Chennai. |
| Rights Issue Committee | The committee of our Board constituted through the resolution dated December 21, 2020. |
| Shareholders / Equity Shareholder | The equity shareholders of our Company, from time to time. |
| Unaudited Consolidated Financial Results / Limited Review Interim Unaudited Consolidated Financial Statements | The limited review interim unaudited consolidated financial results of our Company for six months period ended September 30, 2022, including the notes thereto and the report thereon. For details, see “ <i>Financial Information</i> ” on page 88. |

Issue related terms

| Term | Description |
|---------------------------------|---|
| Abridged Letter of Offer / ALOF | The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with the SEBI ICDR Regulations and the Companies Act. |
| Additional Rights Equity Shares | The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement. |
| Allot / Allotted / Allotment | Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue. |
| Allotment Accounts | The accounts opened with the Bankers to this Issue into which amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act. |
| Allotment Account Bank | Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, HDFC Bank Limited. |
| Allotment Advice | Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue. |
| Allotment Date | Date on which the Allotment is made pursuant to this Issue. |
| Allottee(s) | Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue. |
| Applicant(s) / Investor(s) | Eligible Equity Shareholder(s) and/or Renounees who are entitled to make an application for the Rights Equity Shares 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 Rights Equity Shares at the Issue Price. |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of the Rights Equity Shares in the Issue. |
| Application Money | Aggregate amount payable in respect of the Rights Equity Shares applied for in the |

| Term | Description |
|--|---|
| | Issue at the Issue Price. |
| Application Supported by Blocked Amount / ASBA | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize a SCSB to block the Bid Amount in the specified bank account maintained with such SCSB or to block the Bid Amount using the UPI Mechanism. |
| ASBA Account | A bank account maintained with a SCSB which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Applicant / Investor, as specified in the Application form or in the plain paper Application. |
| ASBA Circulars | Collectively, the SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, the SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard. |
| Banker to the Issue | Collectively, the Escrow Collection Bank, the Allotment Account Bank and the Refund Account Bank to the Issue, in this case being HDFC Bank Limited. |
| Banker to the Issue Agreement | Agreement dated January 3, 2023 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for receipt of the Application Money. |
| Basis of Allotment | The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” on page 114. |
| Controlling Branches / Controlling Branches of the SCSBs | Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time. |
| Demographic Details | Details of Investors including the Investor’s address, name of the Investor’s father / husband, investor status, occupation and bank account details, where applicable. |
| Designated Branches | Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, from the Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or such other website(s) as may be prescribed by the SEBI or the Stock Exchange, from time to time. |
| Designated Stock Exchange | BSE Limited |
| Depository(ies) | NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996. |
| Eligible Equity Shareholder(s) | Existing Equity Shareholders as on the Record Date. |
| Issue / Rights Issue | Issue of up to 6,14,680 Rights Equity Shares for cash at a price of ₹ 569 per Rights Equity Share, including a share premium of ₹ 559 per Rights Equity Share for an aggregate amount up to ₹ 3,497.53 lakhs* on a rights basis by our Company to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 14 (Fourteen) fully paid up Equity Shares held by the Eligible Equity Shareholders on the Record Date. <i>*Assuming full subscription</i> |
| Issue Agreement | Issue agreement dated November 28, 2022 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| Issue Closing Date | Tuesday, February 7, 2023 |
| Issue Opening Date | Wednesday, January 18, 2023 |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in |

| Term | Description |
|---|--|
| | accordance with the SEBI ICDR Regulations. |
| Issue Price | ₹ 569 per Rights Equity Share. |
| Issue Proceeds | The gross proceeds raised through the Issue. |
| Issue Size | The issue of up to 6,14,680 Rights Equity Shares aggregating to an amount up to ₹ 3,497.53 lakhs*. *Assuming full subscription |
| Lead Manager to the Issue/ Lead Manager | Vivro Financial Services Private Limited. |
| Letter of Offer / LOF | This letter of offer dated January 6, 2023 filed with the Designated Stock Exchange and with SEBI. |
| Materiality Policy | 'Policy for Determination and Disclosure of Materiality of an Event or Information' adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the materiality policy adopted by the Rights Issue Committee through its resolution dated November 25, 2022 for the purpose of litigation disclosures in this Letter of Offer. |
| Multiple Application Forms | Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. |
| Net Proceeds | Issue Proceeds less the Issue-related expenses. For details, see "Objects of the Issue" on page 43. |
| Non-Institutional Investor(s) / NII | An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations. |
| On Market Renunciation | The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Stock Exchange from time to time and other applicable laws, on or before Thursday, February 2, 2023. |
| Off Market Renunciation | The renouncement 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, circulars issued by the Depositories from time to time and other applicable laws. |
| QIBs / 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 Shareholders eligible to apply for the Rights Equity Shares in the Issue, being Friday, December 30, 2022. |
| Refund Bank | The Banker to the Issue with whom the refund account will be opened, in this case being HDFC Bank Limited. |
| Registrar / Registrar to the Issue | Cameo Corporate Services Limited |
| Registrar Agreement | Agreement dated November 28, 2022 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue |
| Renouncee(s) | Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circular, the Companies Act and any other applicable law. |
| 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 Thursday, February 2, 2023, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date. |
| Retail Individual Investor | An individual Investor who has applied for Rights Equity Shares for an amount not |

| Term | Description |
|---|--|
| / RII / RIB | more than ₹200,000 (including an HUF applying through karta in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations. |
| Rights Entitlements/ REs | The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being 1 (One) Rights Equity Share for every 14 (Fourteen) fully paid up Equity Shares held by the Eligible Equity Shareholder on the Record Date. Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular, the Rights Entitlements shall be credited in dematerialised form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date. |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company. |
| Rights Equity Shares / Rights Shares | Equity Shares of our Company to be Allotted pursuant to the Issue. |
| Self-Certified Syndicate Banks / SCSBs | Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or at or such other website(s) as maybe prescribed by SEBI from time to time. |
| Stock Exchange | BSE where the Equity Shares are presently listed. |
| Transfer Date | The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange. |
| Unaudited Consolidated Financial Statements | Limited Review Interim Unaudited Consolidated Financial Statements |
| Wilful Defaulter or Fraudulent Borrower | An entity or person categorised as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations |
| Working Day | All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Chennai are open for business; provided however, with reference to Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Chennai are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchange, “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays. |

Business and Industry Related Terms

| Terms | Description |
|------------------------------|--|
| A-TUFS | Amended Technology Up- gradation Fund Scheme |
| ASEAN | Association of Southeast Asian Nations |
| BTRA | Bombay Textile Research Association |
| CAGR | Compound Annual Growth Rate |
| CCEA | Cabinet Committee on Economic Affairs |
| DGFT | Directorate General of Foreign Trade |
| GDP | Gross Domestic Product |
| GeM | Government e-Marketplace |
| GVA | Gross Value Added |
| HEPC | Handloom Export Promotion Council |
| IBEF | India Brand Equity Foundation |
| IBEF Report / Textile Report | Textile and Apparels-June 2022 |

| Terms | Description |
|------------|--|
| Ha | Hectare |
| HMA | Handloom Marketing Assistance |
| HNI's | High Networth Individuals |
| IIP | Index of Industrial Production |
| KG/Kg/kg | Kilogram |
| KMTP | Kakatiya Mega Textile Park |
| MEIS | Merchandise Exports from India Scheme |
| MITRA | Mega Integrated Textile Region and Apparel Park Scheme |
| MRP | Minimum Retail Price |
| MW | Megawatts |
| NHDP | National Handloom Development Programme |
| NITI Aayog | National Institution for Transforming India, Aayog |
| PLI | Production-Linked Incentives |
| RoSCTL | Rebate of State and Central Taxes and Levies Scheme |
| SASMIRA | The Synthetic and Art Silk Mills' Research Association |
| SCBTS | Scheme for Capacity Building in Textiles Sector |
| SITP | Scheme for Integrated Textile Parks |
| SITRA | The South India Textile Research Association |
| SMAF | Sub-Mission on Agro-Forestry Scheme |
| TFO Yarn | Two for One Twisted Yarn |
| TUFS | Technology Upgradation Fund Scheme |

Conventional, General Terms and Abbreviations

| Term | Description |
|-----------------------------|---|
| ₹/ Rs./ Rupees/ INR | Indian Rupees |
| A/c | Account |
| AGM | Annual General Meeting |
| AIF | Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012. |
| BSE | BSE Limited |
| CAGR | Compounded annual growth rate |
| CDSL | Central Depository Services (India) Limited |
| CCD | Compulsorily Convertible Debentures |
| CIN | Corporate Identity Number |
| Companies Act | Companies Act, 2013 and the rules made thereunder |
| Consolidated FDI Policy | The consolidated FDI Policy, effective from October 15, 2020, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time |
| COVID-19 | A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020 |
| CSR | Corporate Social Responsibility |
| Depositories Act | The Depositories Act, 1996 |
| Depository Participant / DP | A depository participant as defined under the Depositories Act |
| DIN | Director Identification Number |
| DP ID | Depository Participant's Identification Number |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation |
| EGM | Extraordinary general meeting |
| EPS | Earnings per Share |
| ERP | Enterprise Resource Planning |
| FDI | Foreign Direct Investment |

| Term | | Description |
|--|----------|--|
| FEMA | | Foreign Exchange Management Act, 1999 read with rules and regulations made thereunder |
| FEMA Rule | | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| Financial year / Fiscal/ FY | | Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated |
| Foreign Portfolio Investor / FPI | | Foreign portfolio investor as defined under the SEBI FPI Regulations |
| Fugitive Offender | Economic | An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 |
| FVCI | | Foreign Venture Capital Investors registered under the FVCI Regulations |
| FVCI Regulations | | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| GDP | | Gross Domestic Product |
| Government / Government of India / GoI | | Government of India |
| GST | | Goods and Services Tax |
| HUF | | Hindu Undivided Family |
| ICAI | | The Institute of Chartered Accountants of India |
| IFRS | | International Financing Reporting Standards of the International Accounting Standards Board |
| Ind AS | | Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015 |
| Insider Regulations | Trading | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended |
| ISIN | | International Securities Identification Number allotted by the depository |
| IT | | Information Technology |
| I.T. Act / IT Act | | Income Tax Act, 1961 |
| I. T. Rules | | Income Tax Rules, 1962 |
| Listing Agreements | | The listing agreements entered into by our Company with the Stock Exchange |
| MAT | | Minimum Alternate Tax |
| MCA | | Ministry of Corporate Affairs, Government of India |
| MICR | | Magnetic ink character recognition |
| MoU | | Memorandum of Understanding |
| Mutual Fund | | Mutual fund registered with SEBI under the SEBI Mutual Fund Regulations. |
| NA / N.A. | | Not Applicable |
| NACH | | National Automated Clearing House which is a consolidated system of ECS |
| NAV | | Net asset value |
| NCLT | | National Company Law Tribunal |
| NCLAT | | National Company Law Appellate Tribunal |
| NEFT | | National Electronic Fund Transfer |
| Net Worth | | The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. |
| NI Act | | Negotiable Instruments Act, 1881 |
| NSDL | | National Securities Depositories Limited |
| NR / Non-Resident | | A person resident outside India, as defined under the FEMA |
| NRE Account | | Non-Resident External Account |
| NRO Account | | Non-Resident Ordinary Account |
| NRI | | Non-Resident Indian |
| OCB / Overseas | | A company, partnership, society or other corporate body owned directly or indirectly |

| Term | Description |
|-----------------------------|---|
| Corporate Body | to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA |
| OCI | Overseas Citizen of India |
| p.a. | Per Annum |
| PAC | Persons Acting in Concert |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| PBT | Profit Before Tax |
| P/E Ratio | Price / Earnings Ratio |
| PIO | Persons of Indian Origin |
| RBI | Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934 |
| RTGS | Real Time Gross Settlement |
| RONW | Return on Net Worth |
| SCORES | SEBI Complaints Redress System |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India, constituted under the SEBI Act |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended |
| SEBI Rights Issue Circulars | SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 read with SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022. |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended |
| Securities Act | United States Securities Act of 1933 |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985 |
| STT | Securities Transaction Tax |
| TAN | Tax Deduction Account Number |
| Trade Marks Act | Trade Marks Act, 1999 |
| US | United States of America |
| UK | United Kingdom |
| US GAAP | Generally Accepted Accounting Principles in United States |
| VCF | A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) |

NOTICE TO INVESTORS

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent / dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials. 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, the Lead Manager, and the Stock Exchange subject to the applicable law. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

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

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India). In terms of Rule 6(a) of FEM (NDI) Rules, 2019 (inserted vide amendment dated April 22, 2020), investment from countries sharing land border with India requires Government approval.

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

The contents of this Letter of Offer and Abridged Letter of Offer should not be construed as business, legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager nor any of their respective affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended (“**Securities Act**”), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (“**United States**” or “**U.S.**”) or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act (“**Regulation S**”), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this 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.

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

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

In terms of Rule 6(a) of FEM (NDI) Rules, 2019 (inserted vide amendment dated April 22, 2020), investment from countries sharing land border with India requires Government approval.

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

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

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

Certain Conventions

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

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

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

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

Financial Data

Unless stated or the context requires otherwise, our financial data included in this Letter of Offer is derived from the Audited Consolidated Financial Statements and Limited Review Interim Unaudited Consolidated Financial Statements. For further information, see “*Financial Information*” on page 88.

We have prepared our Audited Consolidated Financial Statements in accordance with Ind AS and Limited Review Interim Unaudited Consolidated Financial Statements in accordance with Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees rounded off to Lakhs, wherever applicable. 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 Company’s Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal or FY, unless stated otherwise, are to the 12 months period ending on March 31 of that particular calendar 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, internal surveys, industry forecasts, 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, the Lead Manager or their respective affiliates and neither our Company, the Lead Manager, nor their respective affiliates make any representation as to the accuracy of such information. Accordingly, Investors should not place undue reliance on this information.

Certain industry related information in the sections titled “*Industry Overview*”, “*Our Business*”, “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on pages 68, 74, 18 and 92 respectively, have been derived from the website of India Brand Equity Foundation and its report titled “*Textile and Apparels-June 2022*”, prepared by India Brand Equity Foundation (“**IBEF Report**”), except for other publicly available information.

Currency and Units of Presentation

All references to “Rupees” or “₹” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$”, “U.S. Dollar”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America, references to “JPY” or “¥” are to Japanese Yen, the official currency of Japan, “CHF” is to Swiss Franc, the official currency of the Switzerland and Liechtenstein and all references to “Euro” or “€” are to Euro, the official currency of the European Union.

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

Exchange Rates

These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

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

| Currency | Exchange rate as on | | |
|----------|---------------------|----------------|----------------|
| | September 30, 2022 | March 31, 2022 | March 31, 2021 |
| 1 CHF* | 82.25 | 80.77 | 76.32 |
| 1 JPY | 0.56 | 0.62 | 0.66 |
| 1 US\$ | 81.55 | 75.81 | 73.50 |
| 1 Euro | 80.11 | 84.66 | 86.10 |

(Source: www.fbil.org.in)

*As direct quote of CHF/INR is not available, TT buying rate of SBI has been provided.

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

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', 'future', 'forecast', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'target', 'will', 'would' 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:

- increase in the prices of our raw material or any decrease in the supply of our raw materials;
- fluctuations in foreign currency exchange rate, which may harm our results of operations;
- decrease in demand of our products or failure to accurately forecast and manage inventory;
- risks that manufacturing facilities are subject to, including quality control issues, disruptions in or lack of infrastructure facilities and obsolete plant and machinery and quality control problems;
- strikes or work stoppages by our employees or contractual employees;
- our inability to attract and retain skilled personnel; and
- our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 18, 74 and 92 respectively. By their nature, certain market risk disclosures are only estimating and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as at the date of this Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, 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.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither 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 by, the more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*Objects of the Issue*”, “*Our Business*” and “*Outstanding Litigations and Defaults*” on pages 18, 43, 74 and 102 respectively.

Summary of our Business

We are a part of the South India-based Ramco Group, incorporated in 1936 and founded by P. A. C. Ramasamy Raja. Our Company is engaged in the business of manufacturing of yarn ranging from 4s to 355s (single/double yarn) and fabrics. Presently, we have four manufacturing facilities of yarn and one manufacturing facility of fabric. Our spinning units are located at Rajapalayam in Virudhunagar district and Perumalpatti in Thirunelveli district of Tamil Nadu. We have also established a fabric unit based at Rajapalayam in Virudhunagar district of Tamil Nadu in which we began the commercial production in March 2020. At present, our Company has an installed capacity of 1,51,808 spindles in Ring Spinning and 2,960 rotors in Open End Spinning. Our Company has a capacity of 154 looms with a greige fabric production capacity of 28,452 mtrs/day and are in the process of expanding our existing capacity by installing 166 additional looms with a greige production capacity of 38,897 mtrs/day under the new project which will enable the company to increase its capacity to 320 looms along with greige fabric capacity to 67,350 mtrs/day. Further, our company is in the process of establishing fabric finishing infrastructure which will enable the company to produce finished fabric of 50,000 mtrs/day. Our Company manufactures a wide range of products like Open End yarn, Ring yarn, Compact yarn, TFO yarn, Gassed yarn, Mercerised yarn, Slub yarn, Multi Count yarn, Melange yarn, Dyed Yarn, High Twist yarn, Core Spun yarn and Elitwist yarn. Our products are tailor-made to cater specific customer needs and we sell our products in domestic as well as international markets.

Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

| | | (₹ In lakhs) |
|---------------------------|--|-----------------|
| S. No. | Particulars | Amount |
| 1. | Capital expenditure for enhancement of fabric division capacity comprises A) Looms Expansion B) Fabric Processing | 3,445.08 |
| 2. | Capital expenditure for modernization of existing spinning capacity | |
| 3. | Capital expenditure for setting up of electrical infrastructure capacity to support existing and proposed infrastructure | |
| Total Net Proceeds | | 3,445.08 |

For further details, see “*Objects of the Issue*” on page 43.

Intention and extent of participation by our Promoters and Promoter Group in this Issue

Our Promoters and Promoter Group *vide* their letter dated November 23, 2022 (“**Subscription Letter**”), have indicated that they, jointly and/or severally, shall subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group shall subscribe to, additional Rights Equity Shares over and above their Rights Entitlements for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars and subscribe to unsubscribed portion of the Issue, if any.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above its Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

Summary of Outstanding Litigations and Defaults

A summary of outstanding legal proceedings involving our Company as on the date of this Letter of Offer is set forth in the table below:

| Nature of Cases | Number of Cases | Amount Involved* (₹ lakhs) |
|---|-----------------|----------------------------|
| Litigations involving our Company | | |
| Proceedings involving moral turpitude or criminal liability on our Company | Nil | - |
| Proceedings involving material violations of statutory regulation by our Company | Nil | - |
| Matters involving economic offences where proceedings have been initiated against our Company | Nil | - |
| Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise 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 | Nil | - |

* To the extent quantifiable.

For further details, see “*Outstanding Litigations and Defaults*” beginning on page 102.

Risk Factors

For details, see “*Risk Factors*” on page 18.

Contingent Liabilities

For details regarding our contingent liabilities, see “*Financial Statements*” on page 88.

Related Party Transactions

For details of our related party transactions as per Ind AS 24, see “*Financial Statements*” on page 88.

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

Our Company has not made any issuances of Equity Shares in the last one year for consideration other than cash, as on the date of filing of this Letter of Offer.

SECTION II – RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. This section should be read together with the Financial Statements and other financial information included elsewhere in this Letter of Offer.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, prospects, financial condition and results of operations and cash flow. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flow could suffer, the trading price of, and the value of your investment in, Equity Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Letter of Offer.

Unless otherwise stated, references to “we”, “us”, “our”, “our Company” and similar terms is for Rajapalayam Mills Limited.

1. Any increase in the prices of raw material or any decrease in the supply of raw materials, primarily cotton will materially and adversely affect our business, results of operations and financial condition.

The primary raw material for our manufacturing operations is cotton. We purchase cotton from domestic and international markets such as USA, Egypt, and Australia. Being an agricultural commodity, there are fluctuations in price of cotton due to the changes in weather condition among other factors. Further, the minimum support price for cotton is also determined by the Government of India. As a result, the cotton price in India is not only driven by market demand but also supported by minimum support price operations of the Cotton Corporation of India. Any increase in cotton prices may have an adverse effect on our business, financial condition and results of operations. 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.

Our suppliers help us in procuring raw materials and majority of them have been associated with our Company for over substantial period of time. There are no minimum committed volumes of raw material that our suppliers assure us. Any failure of our suppliers to arrange for raw material in the necessary quantities or as per our requirement with respect to our schedule, quality, standards and specifications, may adversely affect our production processes, which may in turn result in a material adverse effect on our business, financial condition and results of operations. Although we have not encountered any significant disruptions in the sourcing and/or supply of our raw materials, we cannot assure you that such disruptions will not occur and/or we shall continue to be able to source raw materials in a cost-effective manner.

We sell our products in highly competitive markets, and competition in these markets is based primarily on demand and price. However, competition in our businesses can be based on, among other things, innovation, perceived value, brand recognition, promotional activities, advertising, new product introductions and other activities. It is difficult for us to predict the timing and scale of our competitors’ actions in these areas. As a result, to remain competitive, we must continuously strive to reduce our production costs and improve our operating efficiencies. In our businesses, we actively compete with companies producing the same or similar products. Due to the nature of our products, competition in these markets is based primarily on price and quality.

2. 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 would 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.

3. We are exposed to foreign exchange fluctuations risks.

We are exposed to foreign exchange related risks since a portion of our revenue from operations are in foreign currency. Our revenue from operations in foreign currency in Fiscal 2022 and six months period ended on September 30, 2022, accounted for approximately 32 % and 37 % of our total revenue from operations for the respective periods.

Further, we import raw material from overseas markets in foreign currencies. During Fiscal 2022 and six months period ended on September 30, 2022, our raw material import accounted for approximately 39 % and 54 % of our cost of raw material consumed for the respective periods. Any fluctuation of rupee rate against foreign currencies may adversely affect our export earnings and/or import costs, which we have experienced and can be expected to continue in terms of foreign exchange losses in respect of transactions denominated in foreign currencies

We have been hedging our foreign exchange exposure through forward contracts to mitigate the risk of fluctuations in foreign exchange currencies for both exports of our products and import of our raw materials. Although we have been entering into foreign exchange forward contracts to hedge against our foreign exchange risks, we cannot assure that we will continue to enter into forward contracts in the future and any such lack of hedging may expose us to foreign exchange currencies fluctuation, which may have an adverse impact on our business, results of operations and financial conditions.

We have placed purchase orders for import of certain plant and machineries for Proposed Projects, as specified in the Objects of the Issue which are in foreign currency denomination i.e., EURO, JPY, CHF, and USD.

As on date of this Letter of Offer, we have placed purchase orders for the majority of plant and machineries that we intend to procure for our Proposed Projects. We have placed purchase order amounting ₹ 34,845.60 lakhs out of which ₹ 14,497.42 lakhs are for imported plant and machineries. Although, we have placed the orders, but we are yet to make payment for these plant and machineries and intend to utilize a part of our Net Proceeds from the Issue towards making those payments. As on date of this Letter of Offer, we have fully hedged our foreign exchange outgo towards plant and machineries. However, any exposure towards our unhedged portion of additional imports of the plant and machineries, if any, may result in increased cost due to any weakening of the rupee against EURO, JPY, CHF, and USD. As a result, we may be exposed to risks originating from fluctuations in foreign currencies towards the unhedged portion, which may result in possible cost overrun, and may have an adverse effect on our business, results of operations and financial condition. For further details relating to imported plant and machineries, see chapter titled “*Objects of the Issue*” beginning on page 43.

4. Any decrease in demand for our products may adversely affect our business and financial condition.

The sales of our yarn and fabric rely heavily on the demand and preferences of end-user consumers of garments and other textile products. Our largest business segment is the manufacturing of yarn and fabric which accounted for approximately 80% and 18% of our total revenue from operations for Fiscal 2022 respectively and approximately 80% and 19% of our total revenue from operations for the six months period ended on September 30, 2022, respectively. If the preferences of end-users for textile products undergo a change which is driven by fashion, or if our industry experience lower or negative growth, demand for our products may decrease and our revenue from sales of such products may decline, which may in turn materially adversely affect our business, financial condition and results of operations. In addition, we make significant decisions, including setting up of additional capacities, determining the levels of business that we will seek and accept, production schedules, raw material procurement, personnel requirements, and other resource requirements, based on our estimates of future sales projections. This may require us to increase staffing, increase borrowings and incur other expenses to meet the anticipated demand. However, any decrease in the demand for our product may result in such expenses causing reductions in our margins and significantly impact our results and operations. We cannot assure you that we will be able to realise the sales value on the basis of our estimates and any such losses may have an adverse impact on our results of operations.

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 for any product 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 realisable value. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

6. *We are integrated textile manufacturer as a result of which the impact of production slowdowns in one segment of our product line may adversely affect our operations and profitability in connection with the other products in the textile value chain. Further, increased costs in any one segment of our business may affect profitability of the other segments.*

We are an integrated manufacturer for textile, different types of yarn and fabrics. Our business is dependent upon our ability to manage our manufacturing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents and weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delay in our operations in multiple product lines. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace it. As a part of the manufacturing process, any disruption in one segment can halt the entire production line and the impact of slowdowns/breakdowns in a single product may cause disruptions in the overall production value chain. Further, any increased costs in one segment may have an adverse effect on the profitability of the other product segments.

Further, because most of our products are used in a manufacturing chain in which raw cotton, through a series of intermediate processes, results in finished fabric, adverse effects on any link in the chain can have indirect effects on all our other production processes. For example, if the production of yarn is affected due to any reason such as machinery breakdown, the production of fabric may be similarly affected. Moreover, increased costs in any one segment of our business may affect the profitability of the other segments. For example, although an increased price of yarn would typically benefit the results of our operations in connection with manufacture of yarn, but our profitability in connection with fabric could be adversely affected, since yarn is the principal raw material for the manufacture of fabrics.

Although we have not experienced any significant disruptions (except for Covid-19 pandemic) at our manufacturing facilities in the past, we cannot assure you that there will not be any disruptions in our operations in the future. Our inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shutdown of our operations or the under-utilization of our manufacturing facilities, which in turn may have an adverse effect on our business, results of operations and financial condition.

7. *We depend on certain key customers, and our business and financial conditions may be adversely affected if we are unable to retain these customers.*

Our business depends on our relationships with our key customers. The revenue concentration from our top five customers was approximately 35% of our total revenue from operations for Fiscal 2022 and for the six months period ended September 30, 2022. There can be no assurance that we will be able to retain these customers. If one or more of these key customers are unable or unwilling to continue their business relationships with us, our business may be affected, and our financial condition and results of operations may be adversely affected. Any deterioration in our relationship with any of them would have a significant adverse impact on our business, financial condition, and results of operations. Some of our products are in the nature of commodity products which are facing highly competitive conditions and extremely price sensitive. Therefore, any major fluctuations in prices of our products can adversely affect our competitiveness and lead to loss of customers.

8. *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 October 31, 2022, our borrowings amounted to ₹97,942.75 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.

9. *Certain of our Promoter Group companies and group companies may have conflict of interest as they are engaged in the similar line of business and may compete with us*

Certain of our Promoter Group companies namely Ramco Industries Limited, The Ramaraju Surgical Cotton Mills Limited, Sri Vishnu Shankar Mill Limited and Sandhya Spinning Mill Limited and group companies namely Rajapalayam Textile Limited and Sri Harini Textiles Limited are engaged in the similar line of business / industry in which our Company operates. As a result, conflicts of interest may arise in allocating or addressing business opportunities and strategies among our Company and our Promoter Group companies and group companies in circumstances where our interests differ from theirs. There can be no assurance that such Promoter Group companies, or group companies will not compete with our existing business or any future business that we may undertake, or that their interests will not conflict with ours. Further, there is no non-compete agreement with any such Promoter Group companies or group companies. Further, our Promoters / few of our Directors are also promoter / director of our Promoter Group companies and/or group companies. As a result, conflicts of interests may arise in allocating business opportunities among our Company and our Promoter Group companies and group companies in circumstances where our respective interests diverge. In cases of conflict, our Promoters / Directors may favour other Promoter Group companies and group companies in which our Promoters / Directors have interests. There can be no assurance that our Promoter Group companies, or our group companies will not compete with our existing business or any future business that we may undertake or that their interest will not conflict with ours.

10. We are subject to government policies and regulations affecting the agricultural sector particularly related to cotton and related industries could adversely affect our operations and profitability.

Production of cotton, our primary raw material for our operations is significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry (such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products) can influence industry profitability, the planting of certain crops versus other uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are traded and the volume and types of imports and exports. In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. In recent years, rising prices of cotton and concerns about food security have prompted governments in several countries to introduce export bans on key agricultural commodities and commodity products. There is no assurance that such export bans may not become more prevalent whether across countries or products. Future government policies may adversely affect the supply, demand for and prices of our products restrict our ability to do business in our existing and target markets and could cause our financial results to suffer.

11. Our Statutory Auditors has included certain matters of emphasis in our Audited Consolidated Financial Statements. In addition, the annexure to our Statutory Auditors' report issued under the Companies (Auditor's Report) Order, 2020 ("CARO"), on our audited standalone financial statements contain statements on certain matters.

Our Statutory Auditors have included certain matters of emphasis in relation to our Company in our Audited Consolidated Financial Statements. In addition, the annexure to our Statutory Auditors' report issued under the Companies (Auditor's Report) Order, 2020, on our audited standalone financial statements for Fiscal 2022 contain statements on certain matters. For further information, see "*Management's Discussion and Analysis on the Financial Conditions and Results of Operations - Reservations, qualifications, matter of emphasis and adverse remarks / other observations in CARO*" page 93.

There can be no assurance that any similar matters of emphasis or remarks will not form part of our financial statements for the future fiscal periods, or that such remarks will not affect our financial results in future fiscal periods. Investors should consider the remarks and observations in evaluating our financial condition, results of operations and cash flows. Any such remarks or matters of emphasis in the auditors' report and/ or CARO report on our financial statements in the future may also adversely affect the trading price of the Equity Shares.

12. 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.

13. 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 October 31, 2022, amounting to ₹ 57,559.43 lakhs. 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.

14. Our inability to successfully implement our Proposed Projects of enhancement of fabric division capacity, modernization of existing spinning capacity and setting up of electrical infrastructure capacity to support existing and proposed infrastructure at our manufacturing facilities could adversely affect our growth and future profitability.

Our ability to successfully implement our Proposed Projects of enhancement of fabric division capacity, modernization of existing spinning capacity and setting up of electrical infrastructure capacity to support existing and proposed infrastructure at our manufacturing facilities are subject to variety of risks, including construction delays, delay in commissioning, unanticipated cost increases, non-availability of adequate funds, the required personnel and other risks. Further, there can be no assurance that these Proposed Projects will be completed in a timely manner or at the cost levels anticipated by our Company. Moreover, the overall profitability and success is subject inter-alia to the following factors:

- our ability to effectively obtain, retain and motivate appropriate managerial talent;
- our ability to effectively absorb additional infrastructure costs; and
- our ability to develop new expertise and undertake new risks, and other factors applicable at the time.

Any inability to raise sufficient capital to fund our Proposed Projects of enhancement of fabric division capacity, modernization of existing spinning capacity and setting up of electrical infrastructure capacity to support existing and proposed infrastructure could have a material adverse effect on our business, growth and future results of operations. In the event our Company is unable to successfully execute the aforesaid projects or realize the benefits expected upon its completion, our profitability, financial condition, and results of operations expected from growth could be materially adversely affected.

15. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control.

Our Company proposes to utilize the Net Proceeds for the Issue towards Proposed Projects of enhancement of fabric division capacity, modernization of existing spinning capacity and setting up of electrical infrastructure capacity to support existing and proposed infrastructure. Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control. For details, see “*Objects of the Issue*” on page 43. In addition, we cannot assure you that use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability, or an increase in the value of our business and your investment.

16. 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 COVID-19 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 including from our captive windmills 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.

17. *Export destination countries may impose varying duties on yarn, thread or fabrics 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 ₹ 21,776.00 lakhs and ₹ 15,348.00 lakhs in Fiscal 2022 and for the six months period ended September 30, 2022, which represented approximately 32% and 37% 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.

18. *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 especially producers of man-made fibre, which is a cheaper alternative to the natural fibre we use. If there is a change in trend and increase in demand of man-made fibre 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 fibre may have adverse effect on our business, financial condition, and results of operations.

19. *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.

20. *We introduce new products for our customers and there is no assurance that our new products will be profitable in the future. Further, we face additional risks as we expand our product offerings and grow our business.*

In order to continue to expand our businesses and profitability, we introduce new products in our existing lines of business. Failure to consider, identify and provide for all additional risks may result in an adverse financial impact on us. Such new products would result in incurring additional costs and we cannot guarantee that such new products will be successful once offered, whether due to factors within or outside of our control, such as general economic conditions, a failure to obtain sufficient financing to support or a failure to understand customer demand and market requirements or lack of management focus on these new products. If we are unable to achieve the intended results with respect to our offering of new products, or manage the growth of our business, our financial condition, cash flows, results of operations and prospects could be materially adversely affected.

21. We have placed orders in relation to the capital expenditure to be incurred for the Proposed Projects. In the event of any delay in delivery or cancellation of the orders, may result in time and cost over-runs and our business prospects and results of operations may be adversely affected

We intend to utilize portions of the Net Proceeds for funding the capital expenditure requirements for enhancement of fabric division capacity, modernization of existing spinning capacity and setting up of electrical infrastructure capacity to support existing and proposed infrastructure. We have placed orders/procured quotations from various vendors in relation to the capital expenditure to be incurred for the Proposed Projects. The total estimated cost for the Proposed Projects is ₹39,986.55 lakhs and estimated to be operational in Fiscal 2024. The Proposed Projects are intended to be funded from combination of internal accruals, sale of investments of company, borrowings from banks and proceeds of the Rights Issue.

For further details, see “*Objects of the Issue*” on page 43. The quotations/purchase orders are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. Further, the actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes and technological changes.

In the event of any delay in placing the orders, or an escalation in the cost of acquisition of the equipment or in the event the vendors are not able to provide the equipment in a timely manner, or at all, we may encounter time and cost overruns for the Proposed Projects. Our inability to procure the machinery and equipment at acceptable prices or in a timely manner, may result in an increase in capital expenditure, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly, thereby resulting in an adverse effect on our business, prospects, and results of operations.

The Proposed Projects will require us to obtain various approvals, which are routine in nature. For further details, see “*Government and other approvals*” on page 104. There can be no assurance that we will be able to obtain these registrations and approvals in a timely manner or at all. Further, in the event of any unanticipated delay in receipt of such approvals, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly.

22. We are yet to place order for certain machineries in relation to the capital expenditure to be incurred for the Proposed Projects. In case of delay of placing order, may lead to an overall delay in the implementation of the Proposed Projects thereby adversely impacting our business prospects and results of operations

We are yet to place order for certain machineries in relation to our Proposed Projects. We may face delay in placing order if we are unable to find a vendor or non-availability of the machineries in the market. We may also face delays in placing order if the machineries are not available at suitable pricing and other terms and conditions. In the event of delay in placing order or our inability to timely place order may lead to an overall delay in the implementation our Proposed projects thereby adversely impacting our business prospects and results of operations.

23. Our Proposed Projects will be set up in a different premises leading to increased logistics and overhead expenses thereby impacting over all financial condition, and results of operations.

Part of our Proposed Projects i.e., enhancement of fabric division capacity i.e., “*Looms Expansion and Fabric Processing*” will be undertaken on a different premises which will result into increase of our overall logistic expenses such as storage expenses of raw material and finished goods, transportation cost, utility cost such as electricity expense etc. which will impact our overall financial condition and results of operations.

24. 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. Some of our manufacturing products i.e., yarn is accredited with Certified Organic Cotton and BCI certifications etc. 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 not still 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.

25. We are subject to strict quality requirements, and any failure to comply with quality standards may lead to the cancellation of existing and future orders and could negatively impact our business, financial condition, results of operations and prospects.

Our customers maintain strict quality and certification procedures. Our products go through various quality checks at various stages. Our quality policy is focused on fulfilling customer requirements through reliable products and services aimed at meeting all regulatory requirements and through continual improvement of our quality management systems. Our products undergo a qualification process throughout the entire value chain to ensure that quality products are being provided to customers. Our quality control programs and business management systems at our manufacturing facilities include TPM and 5S.

Despite strict adherence to quality control programs and business management systems, we cannot assure you that our quality control processes will not fail, or the quality tests and inspections conducted by us will be accurate at all times. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality assurance procedures, negligence, and human error or otherwise, may damage our products and result in deficient products. We also face the risk of legal proceedings and product liability claims being brought against us by our customers for defective products sold. We cannot assure you that we will not experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs in defending such claims

26. 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, see “*Our Management and Organisational Structure*” on page 82. 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.

27. We require various licences 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.

28. We have in the past entered related party transactions and may continue to do so in the future. There can be no assurance that we could not have achieved more favourable terms if such transactions had been entered into with third parties.

We have entered transactions with related parties. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we would not have achieved more favourable commercial terms with other parties. Furthermore, we may enter related party transactions in the future, and such transactions may potentially involve conflicts of interest. For further information on our related party transactions, see “*Financial Information*” on page 88. There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition, and cash flows. In the event any conflict of interest arises between us, or to the extent that competing products offered by any of our related parties erode our market share, we may not be able to effectively manage any such conflict or competitive pressures and, consequently, our business, results of operation and financial condition may be adversely affected.

29. 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. For further details, see “*Our Business – Our Strategy*” on page 74. 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.

30. 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 ninety (90) 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 48 days and 51 days in Fiscal 2022 and in the six months ended September 30, 2022, respectively.

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.

31. Our Company is unable to trace certain secretarial records prior to the year 2000 including records pertaining to allotment of Equity Shares to our Equity Shareholders.

Our Company is unable to trace certain secretarial records and/or regulatory filings made with the RoC prior to the year 2000, specifically return of allotment of Equity Shares of our Company. While our Company has made all efforts to obtain such records, however, there is no certainty that these forms or records will be available in the future. Since copies of these regulatory filings are unavailable with us, we cannot assure you that these regulatory filings were duly filed on a timely basis, or at all.

32. We have contingent liabilities, and our financial condition could be adversely affected if any of these contingent liabilities materializes.

As of March 31, 2022, contingent liabilities disclosed in the notes to our Audited Consolidated Financial Statements aggregated ₹ 21,191.81 lakhs. Our contingent liabilities that had not been provided for as on March 31, 2022 are set forth below:

| Particulars | <i>(₹ in Lakhs)</i> As at March 31, 2022 |
|---|--|
| Guarantees given by the bankers on behalf of Company | 247.32 |
| Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to - | |
| - Parent | 552.20 |
| - Parent's share in Associates | 14,892.29 |
| Financial Guarantees given by the Company on behalf of Related parties | |
| Sri Vishnu Shankar Mill Limited | 1,000.00 |
| Sandhya Spinning Mill Limited | 4,500.00 |
| Total | 21,191.81 |

In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected.

33. We may face a risk on account of not meeting our export obligations. Our failure to fulfil these export obligations in full may make us liable to pay duty proportionate to unfulfilled obligation along with the interest.

We have obtained licenses under Export Promotion Capital Goods Scheme (“EPCG”) for import of capital goods without payment of duty and GST; and under Advance Authorisation Scheme for import of inputs without payment of duty and / or GST. As per the licensing requirement under the said scheme, we are required to export goods of a definite amount, failing which we will have to make payment to the Government of India equivalent to the duty saved by us along with the interest. Though in the past we have not been penalised for non-fulfilment of the export obligations under the EPCG Scheme; there can be no assurance that we would be able to meet the export obligations in the future. In case we fail to fulfil these export obligations in full; we will have to pay duty proportionate to unfulfilled obligation along with the interest.

34. 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.

35. 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.

36. 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 September 30, 2022, we employed 4,491 personnel across our operations. Although we have not experienced any material labour 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 labour unrest directed against us, could directly or indirectly prevent, or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. 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.

37. 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. Apart from the above, our Company also maintains mediclaim and personal accident policies for its employees not covered under ESI.

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.

38. *Our Company's ability to pay dividends in the future will depend on future earnings, financial condition, cash flows, working capital requirements and required or planned capital expenditures and terms of its financing arrangements.*

Our Company has paid ₹ 86.06 lakhs as dividend to our shareholders for the Fiscal 2022. Our ability to pay dividends in future will depend on the earnings, financial condition, and capital requirements of our Company. Our business is capital intensive as we are required to innovate from time to time to increase margins, which may require us to invest all, or part of the profits generated by our business operations. Further, we may not be able to distribute dividends in certain circumstances such as default in payment of interest and/or principal, amongst others, based on certain of our high-cost financing arrangements. While our Company has distributed dividends during Fiscal 2022 and has been paying dividend in the past, our Company may be unable to pay dividends in the near or medium-term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our projects, financial condition, and results of operations. Any inability to pay dividends in the future may adversely affect the trading price of the Equity Shares of our Company. For further details, please see “*Financial Information*” on page 88.

39. *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 licences. 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.

40. *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.

41. 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.

EXTERNAL RISK FACTORS

42. 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.

43. 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.

44. 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

45. 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.

Risks relating to the Equity Shares

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

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

47. Our Company will not distribute the Issue Materials to certain overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch the Issue Materials to such Shareholders who have provided an address in India for the service of documents. The Issue 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 Issue Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions. However, our Company cannot assure you that the regulator would not adopt a different view with respect to compliance with the Companies Act and may subject our Company to fines or penalties.

48. 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 Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the

details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date (i.e., on or before Friday, February 3, 2023, to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018, issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialised form (except in case of transmission or transposition of Equity Shares).

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

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

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018, on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax (STT), on the sale of any Equity Shares held for more than 12 months at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. STT will be levied on the seller and/or the purchaser of the Equity Shares and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

The GoI announced the union budget for fiscal year 2023, following which the Finance Bill, 2022 was introduced in the Lok Sabha on February 1, 2022. Subsequently, the Finance Bill 2022 received the assent from the President of India on March 30, 2022, and became the Finance Act, 2022 ("**Finance Act 2022**"). We cannot assure whether the amendments made and yet to be notified pursuant to the Finance Act 2022 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Any changes in the Finance Act 2022 or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws that are applicable to our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

51. You may not receive the Equity Shares that you subscribe in the Issue until approximately 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.

52. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchange 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 Exchange 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 Exchange. 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.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, 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 a particular point in time.

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

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

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

The Rights Equity Shares will be quoted in Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will be paid in Rupees. Any adverse movement in currency exchange rates during the time it takes to undertake such conversion may reduce the net dividend received by investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares, may reduce the net proceeds received by investors. The exchange rate between the Rupee and other currencies has changed substantially in the past and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from the Equity Shares in foreign currency terms, independent of our results of operations.

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

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

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

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

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on January 27, 2022, pursuant to Section 62(1)(a) of the Companies Act, 2013.

The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in “*Terms of the Issue*” on page 114.

| | |
|---|--|
| Equity Shares proposed to be issued | Up to 6,14,680 Rights Equity Shares |
| Rights Entitlements | 1 (One) Rights Equity Share for every 14 (Fourteen) fully paid up Equity Shares held on the Record Date. |
| Fractional Entitlement | 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 14 (Fourteen) Equity Shares or is not in multiples of 14 (Fourteen), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any. |
| Record Date | Friday, December 30, 2022 |
| Face value per Equity Share | ₹10 |
| Issue Price per Rights Equity Share | ₹569 |
| Issue Size | Up to ₹3497.53 lakhs* *Assuming full subscription |
| Equity Shares issued, subscribed and paid-up prior to the Issue | 86,05,520 Equity Shares of ₹10 each |
| Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Shares) | 92,20,200 Equity Shares of ₹10 each |
| Security Codes | ISIN: INE296E01026 BSE: 532503 ISIN for Rights Entitlement: INE296E20026 |
| Use of Issue Proceeds | For details, see “ <i>Objects of the Issue</i> ” on page 43. |
| Terms of the Issue | For details, see “ <i>Terms of the Issue</i> ” on page 114. |
| Terms of Payment | The full amount of the Issue Price being ₹569 will be payable on application. |

GENERAL INFORMATION

Our Company was incorporated as '*Rajapalayam Mills Limited*' as a public limited company under the India Companies Act, 1913 (Act VII of 1913) at Rajapalayam pursuant to certificate of incorporation dated February 24, 1936 issued by the Registrar of Joint Stock Companies, Ramnad. Thereafter, our Company was granted the certificate of commencement of business dated December 22, 1936.

Registered Office, Corporate Identity Number and Registration Number

Rajapalayam Mills Limited

Rajapalayam Mills Premises,
Post Box No. 1,
P.A.C. Ramaswamy Road, Rajapalayam – 626117,
Tamil Nadu, India.

Telephone: +91 4563-235666

E-mail: rajacot@ramcotex.com

Website: www.rajapalayammills.co.in

Corporate Identity Number: L17111TN1936PLC002298

Registration Number: 002298

Address of the RoC

Our Company is registered with the Registrar of Companies, Tamil Nadu at Chennai, which is situated at the following address:

Registrar of Companies

Block No.6, B Wing,
2nd Floor, Shastri Bhawan
26, Haddows Road, Chennai – 600034, Tamil Nadu, India.

Company Secretary and Compliance Officer

A. Arulpranavam

Rajapalayam Mills Premises,
Post Box No. 1,
P.A.C. Ramaswamy Road, Rajapalayam – 626117,
Tamil Nadu, India.

Telephone: +91 4563-235666

E-mail: investorgrievance@ramcotex.com

Statutory Auditors of our Company

M/s. N.A. Jayaraman & Co.

Chartered Accountants

9, Cedar Wood,
11, 4th Main Road, Raja Annamalaipuram
Chennai 600 028, Tamil Nadu, India.

Contact Person: R. Palaniappan

Telephone: +91 98840 45687

E-mail: canajco@gmail.com

Firm Registration no.: 001310S

Peer Review No.: 012552

M/s SRSV & Associates

Chartered Accountants

F2, 1st Floor, B Block,
Sivam Padmalaya,
28/25, Neelakantha Metha Street,
T. Nagar, Chennai 600 017, Tamil Nadu, India.

Contact Person: V. Rajeswaran

Telephone: +91 93810 25561

E-mail: : rajeswaran@srsv.pw

Firm Registration no. 015041S

Peer Review No.: 014207

Lead Manager to the Issue

Vivro Financial Services Private Limited

Vivro House, 11 Shashi Colony,
Opp. Suvidha Shopping Center,
Paldi, Ahmedabad – 380 007,
Gujarat, India.

Telephone: +91-79-4040 4242;

Email: rml.rights@vivro.net

Investor Grievance Email: investors@vivro.net

Website: www.vivro.net

Contact Person: Anshul Nenawati / Samir Santara

SEBI Registration No.: INM000010122

Statement of responsibilities

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

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.

4th Floor, State Bank Building
N.G.N Vaidya Marg, Fort
Mumbai – 400 023
Maharashtra, India

Telephone: +91 22 2266 3353

E-mail: sanjay.asher@crawfordbayley.com

Registrar to the Issue

Cameo Corporate Services Limited

Subramanian Building, No. 1, Club House Road,
Chennai – 600 002, Tamil Nadu, India

Telephone: + 91-44-40020700

Email: priya@cameoindia.com

Website: www.cameoindia.com

Investor Grievance Email: investor@cameoindia.com

Contact Person: K. Sreepriya

SEBI Registration Number: INR000003753

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, 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 of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see the section entitled “*Terms of the Issue*” on page 114.

Expert

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

Our Company has received a written consent from our Statutory Auditors, M/s. N.A. Jayaraman & Co. and M/s SRSV & Associates, Chartered Accountants, to include their name in this Letter of Offer and as an “expert”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditors of our Company and

in respect of the inclusion of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Statements, and the statement of special tax benefits dated November 29, 2022, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer.

Banker to the Issue

HDFC Bank Limited

HDFC Bank Limited, FIG-OPS Department-Lodha,
I Think Techno Campus, 0-3 Level,
Next to Kanjurmarg, Railway Station,
Kanjurmarg (East), Mumbai 400042, Maharashtra, India.

Telephone: + 91 22 30752929 / 28 / 14

Fax No.: +91 22 25799801

Email: vikas.rahate@hdfcbank.com; eric.bacha@hdfcbank.com; siddharth.jadhav@hdfcbank.com;
sachin.gawade@hdfcbank.com; tushar.gavankar@hdfcbank.com;

Website: www.hdfcbank.com

Contact Person: Vikas Rahate, Eric Bacha, Siddharth Jadhav, Sachin Gawade, Tushar Gavankar

SEBI Registration Number: INBI00000063

CIN: L65920MH1994PLC080618

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

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

| Particulars | Day, Date |
|--|-----------------------------|
| Last Date for credit of Rights Entitlements | Tuesday, January 17, 2023 |
| Issue Opening Date | Wednesday, January 18, 2023 |
| Last Date for On Market Renunciation of Rights Entitlements [#] | Thursday, February 2, 2023 |
| Issue Closing Date* | Tuesday, February 7, 2023 |
| Finalization of Basis of Allotment (on or about) | Tuesday, February 14, 2023 |
| Date of Allotment (on or about) | Thursday, February 16, 2023 |
| Date of credit (on or about) | Monday, February 20, 2023 |
| Date of listing (on or about) | Thursday, February 23, 2023 |

[#]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 Rights Issue Committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., Friday, February 3, 2023, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., Monday, February 6, 2023.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see “*Terms of the Issue*” beginning on page 114.

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

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at <https://rights.cameoindia.com/Rajapalayam1> after keying in their respective details along with other security control measures implemented there at. For further details, see “*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” beginning on page 128.

Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

Debenture Trustee

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

Monitoring Agency

Since the Issue size does not exceed ₹10,000 lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue under SEBI ICDR Regulations.

Appraising Entity

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

Underwriting

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

Filing

This Letter of Offer is being filed with the Stock Exchange i.e., BSE as per the provisions of the SEBI ICDR Regulations. Further, in terms of SEBI ICDR Regulations, our Company will simultaneously do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI for record purposes only. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfdil@sebi.gov.in for record purposes only.

Minimum Subscription

The objects of the Issue involves capital expenditure for Proposed projects. Further, our Promoters and Promoter Group have undertaken that they shall subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoters or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter

Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI LODR Regulations.

In terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription of 90% is applicable to the Issue. If our Company does not receive the minimum subscription of 90% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are “officers in defaults” will pay interest for the delayed period, at such rates as prescribed under the Companies Act, 2013.

Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer is set forth below:

| <i>(₹ in Lakhs, except share data)</i> | | |
|---|-------------------------------|--------------------------------|
| Particulars | Aggregate value at face value | Aggregate value at Issue Price |
| AUTHORISED SHARE CAPITAL | | |
| 1,50,00,000 Equity Shares of ₹10 each | 1,500.00 | NA |
| ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE | | |
| 86,05,520 Equity Shares of ₹10 each | 860.55 | NA |
| PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽¹⁾ | | |
| Up to 6,14,680 Rights Equity Shares at a premium of ₹559 per Rights Equity Share, i.e., at an Issue Price of ₹569 per Rights Equity Share | 61.47 | 3,497.53 |
| ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE⁽²⁾ | | |
| 92,20,200 Equity Shares of ₹10 each | 922.02 | NA |
| SECURITIES PREMIUM ACCOUNT | | |
| Before the Issue | | 8,313.35 |
| After the Issue ⁽²⁾ | | 11,749.41* |

⁽¹⁾The Issue has been authorised by a resolution of our Board passed at its meeting held on January 27, 2022, pursuant to Section 62 of the Companies Act, 2013 and other applicable provisions.

⁽²⁾Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.

*Subject to finalization of Basis of Allotment and Allotment of Rights Equity Shares.

Notes to Capital Structure

1. Details of options and outstanding instruments 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.

2. No Equity shares held by our Promoters and Promoter Group are locked-in, pledged or encumbered as on date of this Letter of Offer.
3. Our Promoters and Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of filing of this Letter of Offer with Designated Stock Exchange.

4. Intention and extent of participation by our Promoters and Promoter Group

Our Promoters and Promoter Group *vide* their letter dated November 23, 2022 (“**Subscription Letter**”), have indicated that they, jointly and/or severally, shall subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group shall subscribe to, additional Rights Equity Shares over and above their Rights Entitlements for ensuring minimum subscription of 90% in the Issue as required under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars and subscribe to unsubscribed portion of the Issue, if any.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above its Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

5. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of SEBI SAST Regulations is ₹755.46.
6. At any given time, there shall be only one denomination of the Equity Shares of our Company.
7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.
- 8. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchange in compliance with the SEBI Listing Regulations:**

- i. The shareholding pattern of our Company as on September 30, 2022, can be accessed on the website of the BSE at:

<https://www.bseindia.com/stock-share-price/rajapalayam-mills-ltd/rajpalayam/532503/shareholding-pattern/>

- ii. Statement showing holding of Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on September 30, 2022 can be accessed on the website of the BSE at:

<https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532503&qtrid=114.00&QtrName=September%202022>

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

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on September 30, 2022 are available at

<https://www.bseindia.com/stock-share-price/rajapalayam-mills-ltd/rajpalayam/532503/shareholding-pattern/>.

- 10. Employee Stock Option Scheme**

As on the date of this Letter of Offer, our Company has no employee stock option scheme.

OBJECTS OF THE ISSUE

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

1. Capital expenditure for enhancement of fabric division capacity comprise of (i) installation of additional 166 looms (“*Looms Expansion*”) and (ii) installation of fabric finishing infrastructure (“*Fabric Processing*”);
2. Capital expenditure for modernization of existing spinning capacity; and
3. Capital expenditure for setting up of electrical infrastructure capacity to support existing and proposed infrastructure;

at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. (*Hereinafter referred to as the “Proposed projects”*)

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

Issue Proceeds

The details of the Issue Proceeds are set forth below:

| Particulars | Estimated Amount |
|--|-------------------------|
| Gross proceeds to be raised through the Issue* | 3,497.53 |
| Less: Issue related expenses | 52.45 |
| Net Proceeds | 3,445.08 |

**Assuming full subscription in the Issue and subject to finalization of the basis of Allotment and to be adjusted as per the Right Entitlement ratio.*

Utilization of Net Proceeds

We intend to utilize the Net Proceeds of the Issue of ₹3,445.08 lakhs to part finance the objects as set forth below:

| Sr. No. | Particulars | Estimated Amount |
|----------------|--|-------------------------------------|
| 1. | Capital expenditure for enhancement of fabric division capacity comprises A) Looms Expansion B) Fabric Processing | 20,652.88 13,335.83 33,988.71 |
| 2. | Capital expenditure for modernization of existing spinning capacity | 4,281.78 |
| 3. | Capital expenditure for setting up of electrical infrastructure capacity to support existing and proposed infrastructure | 1,716.06 |
| | Total Cost of Project | 39,986.55 |

Details of Means of Finance for the Proposed Projects

We propose to fund the objects of the Issue as set forth below:

| Sr. No. | Means of Finance | Amount |
|----------------|---------------------------------------|------------------|
| 1. | Net proceeds under this Right Issue* | 3,445.08 |
| 2. | Term Loan from Banks** | 28,000.00 |
| 3. | Internal accruals/Sale of Investments | 8,541.47 |
| | Total | 39,986.55 |

*Assuming full subscription in the Issue and subject to finalization of the basis of allotment.

**We have been sanctioned, vide sanction letter dated January 17, 2022, secured term loan of ₹ 14,000.00 lakhs from Export Import Bank of India, and vide sanction letter dated February 04, 2022, secured term loan of ₹ 14,000.00 lakhs from Axis Bank Limited.

Our Company has deployed ₹25,185.63 lakhs which includes Letter of Credit of ₹7,478.60 lakhs, towards meeting the expenditure incurred on the Proposed Projects as on October 31, 2022, which is certified by M/s N.A. Jayaraman & Co. and M/s SRSV & Associates, Chartered Accountants, vide their certificate dated November 29, 2022.

In view of the above, we confirm that we have made firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding funds to be raised through the Right Issue and deployed from Identified Internal Accruals as required under Regulation 62(1)(c) of the SEBI ICDR Regulation as follows:

| Particulars | Amount |
|--|-----------|
| Aggregate funds required for the Objects of the Issue (A) | 39,986.55 |
| Amount proposed to be financed from Net Proceeds (B) | 3,445.08 |
| Funds deployed till October 31, 2022 through Identified Internal Accruals (C)* | 6,063.22 |
| Funds required excluding the Net Proceeds and Identified Internal Accruals (A) - (B) - (C) | 30,478.25 |
| Funded by Secured Term Loans** | 28,000.00 |
| 75% of the funds required excluding the Net Proceeds and Identified Internal Accruals | 22,858.69 |

Arrangements regarding 75% of the funds required excluding the Issue proceeds

*Certified by M/s N.A. Jayaraman & Co. and M/s SRSV & Associates, Chartered Accountants, vide their certificate dated November 29, 2022.

**The table below gives the details of the sanctioned loans from lenders:

| Name of Lender | Loan sanctioned | Loan disbursed till October 31, 2022 |
|--------------------|------------------|--------------------------------------|
| Axis Bank Limited | 14,000.00 | 11,072.88* |
| Exim Bank of India | 14,000.00 | 8,049.53# |
| Total | 28,000.00 | 19,122.41 |

*Includes Letter of Credit outstanding of ₹ 6,500.29 lakhs.

#Includes Letter of Credit outstanding of ₹ 978.31 lakhs.

The above fund requirements, the deployment of funds and the intended use of the Net Proceeds as described above are based on our current business plan, management estimates, current and valid purchase or work orders issued to suppliers & contractors and quotation received by the Company. However, such fund requirements and deployment of funds have not been appraised by any bank or financial institution. Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board and will not be subject to monitoring by any independent agency. In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition and other external factors which may not be within our control. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. Further, in case the Net Proceeds are not completely utilized in a scheduled Fiscal Year due to any reason, the same would be utilized (in part or full) in the next Fiscal Year/ subsequent period as may be determined by our Company, in accordance with applicable law. For further details, see the section titled "Risk factors - The deployment of funds raised through this Issue shall not be subject to any monitoring-by-monitoring agency and shall be entirely at the discretion of the management of our Company." on page 31.

In case of any increase in the actual utilization of funds earmarked for any of the Objects of the Issue or a shortfall in raising requisite capital from the Net Proceeds, such additional funds will be met through means available to us, including by way of incremental debt, sale of investments and/or internal accruals.

Details of the Objects of the Issue

The details of the Objects of the Issue are set forth below:

1. Capital expenditure for enhancement of fabric division capacity

As part of our continuing endeavour to expand our product portfolio, increase our manufacturing capabilities, strengthen our global presence, and become a key supplier of yarn and fabric in international market, we intend to set up new processing unit to manufacture ready to stitch finished garments and expansion of loom capacity to support finished fabric production infrastructure. The proposed enhancement of fabric division capacity consists of (i) Looms Expansion and (ii) Fabric Processing.

With a view to improve our productivity and enhancement of fabric division capacity, we are in the process of expanding existing facilities of 154 looms by an installation of 166 additional looms which will increase our greige fabric production capacity by 38,897m/day from existing 28,452m/day to 67,350m/day and finished fabric capacity by 50,000m/day. With the proposed 166 looms installation, we expect to add 136 lakhs Mtrs of additional greige fabric capacity per annum. This expansion coupled with existing 154 looms will have a total capacity to produce ~236 lakhs Mtrs of greige fabric per annum. The capacity is expanded looking at the demand from existing customers in addition to other opportunities of direct supply of finished fabric to other domestic and international customers. We believe that this enhancement of fabric division capacity will help us to increase our productivity, widen our product range, improve our operational efficiencies, and assist in the reduction of our overall expenses which will improve our profit margins.

Details of Estimated Costs

The total estimated cost of capital expenditure for enhancement of fabric division capacity is ₹33,988.71 lakhs. The detailed break-down of estimated cost is set forth below:

| <i>(₹ in lakhs)</i> | |
|---|-------------------------------|
| Particulars | Total Estimated Amount |
| Enhancement of fabric division capacity | |
| A. Looms Expansion: | |
| i. Land | 125.13 |
| ii. Buildings | 4,641.16 |
| iii. Plant and Machineries | 12,069.97 |
| iv. Electricals | 1033.62 |
| v. Provisions for contingency, interest cost during construction and other expenses | 2,783.00 |
| Sub-Total-(A) | 20,652.88 |
| B. Fabric Processing: | |
| i. Land | 64.35 |
| ii. Buildings | 3,285.23 |
| iii. Plant and Machineries and Utilities | 7,570.89 |
| iv. Electricals | 386.24 |
| v. Provisions for contingency, interest cost during construction and other expenses | 2,029.12 |
| Sub-Total-(B) | 13,335.83 |
| Total (A) + (B) | 33,988.71 |

1. Enhancement of fabric division capacity

A) Looms Expansion

i. Land

The Proposed Projects are being set up on owned and leasehold lands of the Company. Looms Expansion will be set up on land admeasuring 12.67 acres, owned by the Company, out of which 0.63 acres have been acquired from our

group company i.e., Sri Vishnu Shankar Mills Limited for an aggregate consideration of ₹125.13 lakhs vide a sale deed dated June 24,2022.

ii. Building

Our Company proposes to incur an aggregate cost of ₹4,641.16 lakhs towards building and civil works for Looms Expansion as set forth below:

| Sr. No. | Particulars | Name of the Supplier | Purchase Order/Quotation /Invoice and Date | Amount* (₹ in lakhs) |
|--------------|--|---|---|----------------------|
| 1. | Weaving unit construction, ladies, and workers hostel | RVP Builders | RFSCWO/0047/2122 February 26, 2022 Quotation No.102 September 05, 2022 RFSCWO/0083/2223 September 12, 2022 | 3,011.84 |
| 2. | Warehouse, powerhouse, and stabilizer room | SK Constructions | RFSCWO/0048/2122 February 26, 2022 | 597.52 |
| 3. | Pre-engineering building construction-main machinery hall and warehouse & generator shed | Zamil Steel Buildings India Private Limited | RFSCWO/0052/2223 & RFSCWO/0054/2223 March 25, 2022 | 898.67 |
| 4. | Pre-engineering building construction-main machinery hall and warehouse & generator shed | Zamil Construction India Private limited | RFSCWO/0055/2223 & RFSCWO/0056/2223 March 31, 2022 | 77.14 |
| 5. | False ceiling work in loomshed | Shafee Engineering | RFSCWO/0060/2223 August 16, 2022 | 55.99 |
| Total | | | | 4,641.16 |

**The above cost includes applicable taxes*

iii. Plant and Machineries

Our Company proposes to incur an aggregate cost of ₹12,069.97 lakhs towards purchase of plant and machinery for Looms Expansion. We do not intend to purchase any second-hand equipment. The details of the new plant and machinery proposed to be installed are set forth below:

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.# | Amount (In foreign currency) | Amount* (₹ in lakhs) |
|---------|--|-------------------------------|--|-------|------------------------------|----------------------|
| 1. | Weaving looms- | Toyotsu Machinery Corporation | RFSPUO/1737/2122 December 30, 2021 | 96 | JPY55,73,76,000 | 3,622.94 |
| 2. | Weaving looms | Picanol NV | RFSPUO/1876/2122 January 22, 2022 | 70 | EURO38,51,000 | 3,273.35 |
| 3. | Sizing unit for processing spun yarn with all standard accessories and essential parts | Karl Mayer Textilmachine n Ag | RFSPUO/1720/2122 December 27, 2021 | 1 | EURO5,00,000 | 425.00 |
| 4. | Sectional warping machine with | Karl Mayer Textile Machinery | RFSPUO/1733/2122 December 27, 2021 | 2 | - | 312.70 |

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.# | Amount (In foreign currency) | Amount* (₹ in lakhs) |
|---------|--|--------------------------------------|---|-----------|------------------------------|-------------------------|
| | creel | India Private Limited | | | | |
| 5. | Rotary screw compressor bars ref. Air dryer, and compressed air filter | Kaeser Compressors (India) Pvt. Ltd. | RFSPUO/2202/2122 March 10, 2022 | 13 | - | 194.80 |
| 6. | Luwa auto control type humidification plant | Luwa India Pvt Ltd | RFSPUO/2057/2122 February 19, 2022 | 1 | - | 210.04 |
| 7. | E-reeds for toyota JAT-810 airjet looms | Takayama Reed Co. Ltd. | RFSPUO/0107/2223 April 18, 2022 | 186 | JPY1,94,80,458 | 114.51 |
| 8. | Sample weaving machine model and mini single end warper machine with accessories | Rabatex Industries | RFSPUO/0805/2223 July 18, 2022 | 4 | - | 100.30 |
| 9. | Yarn dyeing machine | Loris Bellini SRL | RFSPUO/1601/2122 December 14, 2021 | 15 | EURO14,40,000 | 1,233.50 |
| 10. | Fabric woven, transport conveyor | Sri Ram Textile Engineers | RFSPUO/1205/2223 September 08, 2022 | 24 | | 225.70 |
| 11. | Ducting work | Shafee Engineering | RFSBSO0006/2223 RFSBSO0007/2223 RFSBSO0008/2223 September 01, 2022 | 3 | | 188.79 |
| 12. | Automatic sampling loom and sampling warper | CCI Tech Inc. | A1/standard-ITME EvergreenII/2020/22 September 1, 2021 | 3 | USD1,61,800 | 118.11 |
| 13. | Gantry for jacquard-with loom | Encon Fabricators Private Limited | RFSPUO/0674/2223 July 01, 2022 | 8 | - | 50.98 |
| 14. | Selvage jacquard machine for airjet loom | Smart Tex | RFSPUO/0517/2223 June 08, 2022 | 19 | - | 58.89 |
| 15. | Dropper closed with hole at bottom and dropper open | Schoch Reeds India Pvt. Ltd | RFSPUO/0250/2223 May 07, 2022 | 19,68,000 | - | 62.85 |

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.# | Amount (In foreign currency) | Amount* (₹ in lakhs) [^] |
|--------------|--|------------------------------------|---|-------|------------------------------|--------------------------------------|
| 16. | Fabric inspection cum rolling machine, stretch packing machines, auto belt conveyor, titling conveyor, feed angel conveyor | B-TEX Textile Machinery Pvt Ltd. | RFSPUO/2117/2122 February 28, 2022 | 43 | - | 188.80 |
| 17. | Si4-12 bonas high speed electronic jacquard with accessories | Vandewiele nv | RFSPUO/0603/2223 June 20, 2022 | 16 | EURO 7,27,000.06 | 585.24 |
| 18. | High speed precision cross-wound package winder | SSM Vertriebs Ag, | RFSPUO/1778/2122January 05, 2022 | 2 | CHF2,76,000 | 228.76 |
| 19. | Ocean freight | Cgww Cargo Worldwide India Pvt Ltd | INV.NO.TUTDN0922 0001986 September 26,2022 TUTDN0922002108 October10, 2022 | - | - | 254.95 |
| 20. | Other machineries and equipment** | As per respective purchase orders | As per respective purchase orders | - | - | 619.59 |
| Total | | | | | | 12,069.97 |

*The above cost includes applicable taxes

**Other Machineries and Equipments includes forklift truck, internal combustion engine, butterfly valve and other accessories, beam gaiting trolley, warp beam trolley, heald wire, fabric preparatory machine, automation control system - weaving, warping and winding, overhead travelling cleaner, sedo master work station, selvedge jacquard machine for Airjet loom, profile reeds, pipeline work service, centralized vacuum system with all accessories, eccentric reducer, end user license of penelope doobby pro, hydraulic warp beam gaiting trolley and other trolleys, sonic imager industrial, parking trolley, palating machine, multi-use dye tube, mixer and storage vessel with automation, fabric loading and unloading device, rope opening plant and pressure squeezing & finishing mangle.

#In numbers unless otherwise specified

[^]Estimated amount which are denominated in foreign currencies (i.e., JPY, EURO, USD, CHF) has been converted based on the exchange rates as on date of purchase orders / payments made / forward rate. Actual amount may be subject to change as per the prevailing exchange rate at the time of making payments and the management has also provided contingencies for the same.

iv. Electricals

Our Company proposes to incur an aggregate cost of ₹1,033.62 lakhs towards electrical works in Loom Expansion as set forth below:

| Sr. No. | Description of goods | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.# | Amount* (₹ in lakhs) |
|--------------|---|-----------------------------------|---|---------------------------------|----------------------|
| 1. | Aluminium cable & copper cables | Gemscab Industries Ltd. | RFSCPC/0289/2223 July 4, 2022 & RFSCPC/0919/2122 March 08, 2022 | 43,900 Mtrs 1,800 Mtrs | 338.33 |
| 2. | Switch board, distribution board and changeover panel Copper flates, wires and bolt & nut UPS, battery, rack and interlinks Pole structure and structure fencing | Saishree Electrick Co., | RFSPUO/0124/2223 April 20, 2022 RFSPUO/0743/2223 July 11, 2022 RFSPUO/0751/2223 July 12, 2022 RFSPUO/0741/2223 July 11, 2022 | 33 - 3,076 - | 333.41 |
| 3. | 11KV/433V HT transformer-2500KVA | Esennar Transformers Private Ltd | RFSPUO/0121/2223 April 19, 2022 | 2 | 118.00 |
| 4. | Servostabiliser 400KVA | Atandra Energy Private Limited | RFSPUO/0552/2223 June 13, 2022 | 5 | 52.51 |
| 5. | MS cable supports | Sri Vishnu Electricals | RFSPUO/0551/2223 June 13, 2022 | 35,000 Kgs | 40.89 |
| 6. | Battery, rack and interlinks | Green Powers | RFSPUO/0751/2223 July 12, 2022 | 72 | 34.65 |
| 7. | Inverter, pressure transducer bar, common mode core kit-FC 302 | Cotton Spintronic | RFSCPC/0205/2223 May 30, 2022 | 12 | 31.54 |
| 8. | Other Electricals and spares** | As per respective purchase orders | As per respective purchase orders | - | 84.29 |
| Total | | | | | 1,033.62 |

*The above cost includes applicable taxes.

**Other Electricals and spares include double door, MCB enclosure module, double door module, poles, plug and sockets, ACB cum inverter, VCB panel, wirecoil and tubelights.

#In numbers unless otherwise specified

v. Provision for contingency, interest cost during construction and other expenses

The current estimates and specifications in relation to the capital expenditure requirements of the Proposed projects are based on the current status of implementation, project design and layout. Our Company has received quotations or work orders for building and civil works, plant & machineries, and electricals, as above, however we may have to incur additional costs that would be known only at the time of commencement of the civil works or commissioning of the plant & machineries and electrical fittings. Further, expenses such as interest capitalisation, forward premium, pre-operative expenses, erection, and commission expenses would require to be incurred. Our Company envisages that there might be price fluctuations and project cost may increase. The total cost for contingencies, interest cost during the construction period, pre-operative expenses and other miscellaneous expenses are estimated to ₹2,783.00 lakhs.

B) Fabric Processing

i. Land

The Proposed projects are being set up on owned land and leasehold lands of the Company. Fabric Processing will be set up on land admeasuring ~3.01 acres, out of which ~0.95 acres is our own land, ~1.79 acres land was existing leasehold land and ~0.27 acres have been taken on long term lease for a period of 98 years 11 months and 30 days from our group company i.e., Sandhya Spinning Mills Limited for an aggregate upfront lease rent of ₹ 64.35 lakhs vide a lease deed dated February 10, 2022, valid for the period of 98 years 11 months 30 days.

ii. Building

Our Company proposes to incur an aggregate cost of ₹3,285.23 lakhs towards building and civil works for Fabric Processing as set forth below:

| Sr. No. | Particulars | Name of the Supplier | Purchase Order/Quotation/Invoice and Date | Amount* (₹ in lakhs) |
|--------------|---|---|--|----------------------|
| 1. | Processing unit construction | Sabari Constructions Technologies Private Limited | RFSCWO/0049/2122 February 26, 2022 | 1,781.83 |
| 2. | Pre-Engineering Building structure for processing unit | Zamil Steel Buildings India Private Limited | RFSCWO/0053/2122 March 25, 2022 | 275.40 |
| 3. | Pre-Engineering Building structure for processing unit | Zamil Construction India Private limited | RFSCWO/0057/2223 March 31, 2022 | 23.19 |
| 4. | ETP Building-Part I and Part II | R Karunanidhe Constructions Pvt.Ltd | RFSCWO/0034/2223 RFSCWO/0038/2223 June 13, 2022 | 883.23 |
| 5. | 50KL and 100KL non-electric sewage treatment plant-loomshed | Bioman Sewage Solutions Private Limited | EST-004936 EST-004753 EST-004932 July 07, 2022 | 56.82 |
| 6. | Security room and visitors room | Karunanidhe Construction | RFSCWO/0082/2223 September 12, 2022 | 16.96 |
| 7. | Rest room, shedwork-value yard, vehicle shed, and compound wall-loom shed | RVP Builders | Quotation No.118 September 14, 2022 Quotation No.132 September 23, 2022 Quotation No.150 September 29, 2022 | 247.80 |
| Total | | | | 3,285.23 |

*The above cost includes applicable taxes

iii. Plant & Machinery and Utilities

Our Company proposes to incur an aggregate cost of ₹7,570.89 lakhs towards purchase of plant & machinery and utilities for Fabric Processing. We do not intend to purchase any second-hand equipment. The details of the new plant and machinery proposed to be installed are as set forth below:

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.## | Amount (In foreign currency)# | Amount ^{^*} (₹ in lakhs) |
|---------|---------------------------------|----------------------|--|--------|-------------------------------|-----------------------------------|
| 1. | Mercerizing range model dimensa | Benninger AG | RFSPUO/1582/21 22 December 13, 2021 | 1 | EURO 16,47,000 | 1,399.95 |
| 2. | Effluent treatment | A. T. E. Huber | RFSPUO/2087/21 | 1 | - | 887.36 |

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.## | Amount (In foreign currency)# | Amount ^{^*} (₹ in lakhs) |
|---------|--|---|--|--------|-------------------------------|-----------------------------------|
| | & recycling plant, brine concentrator | Envirotech Private Limited | 22 February 23, 2022 | | | |
| 3. | Plc based nipco mm multiflex calendering machine | Guarneri Technology S.r.L | RFSPUO/2323/21 22 March 25, 2022 | 1 | EURO 8,68,000 | 746.48 |
| 4. | Automatic jigger w/servo/microprocessor control and soft flow dyeing machine with preheating chamber accessories & spare parts | THIES Gmbh & Co.KG | RFSPUO/2201/21 22 March 10, 2022 | 3 | EURO 5,80,000 | 493.00 |
| 5. | Sanforizing machine with high cap. Rubber belt compactor power – shrink | Bruckner Textile Technologies GMBH & Co. KG | RFSPUO/1602/21 22 December 14, 2021 | 1 | EURO 4,91,000 | 417.35 |
| 6. | Agitated thin film dryer w/accessories, evaporator double and triple stage | Chemin Enviro Systems Pvt Ltd | RFSPUO/0912/22 23 July 30, 2022 | 3 | - | 430.70 |
| 7. | Boiler fuel wood chipping, storage and feeding system - | Servoday Plants & Equipments Limited | RFSPUO/1904/21 22 January 28, 2022 | 1 | - | 399.60 |
| 8. | Plc controlled motex multi chamber stenter with arrangement of thermic fluid heating | Inspiron Engineering Pvt Ltd | RFSPUO/1599/21 22 December 14, 2021 | 1 | - | 383.50 |
| 9. | Plc based fabric singeing machine pre and post singeing setup | Ost Hoff-Senge | RFSPUO/1600/21 22 December 14, 2021 | 1 | EURO 2,28,500 | 194.23 |
| 10. | Upgrade - dispensing & dissolving system w/spare parts and w/software for online service | Tecnorama | RFSPUO/0556/22 23 June 15, 2022 | 2 | EURO 2,23,097 | 185.84 |
| 11. | Goods lift load | Johnson Lifts Private Limited | RFSPUO/0428/22 23 May 30, 2022 | 3 | - | 178.46 |
| 12. | Main steam boiler | Forbes Vyncke | RFSPUO/0035/22 | 1 | - | 154.58 |

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.## | Amount (In foreign currency)# | Amount ^{A*} (₹ in lakhs) |
|---------|--|---|--|--------|-------------------------------|-----------------------------------|
| | package along with accessories and boiler | Private Limited | 23 April 05, 2022 | | | |
| 13. | Open width continuous scouring and bleaching range with microprocessor attachment and automatic chemical dosing | KCM Technologies Private Limited | RFSPUO/1606/21 22 December 11, 2021 | 1 | - | 135.94 |
| 14. | Plc based sueding/peach finishing machine with brushing model and rollers | Danti Paolo EC. SRL | RFSPUO/2184/21 22 March 08, 2022 | 1 | EURO 1,20,000 | 102.00 |
| 15. | Aluminium tube calibrated, straight connector, elbow connector, collar, tee connector, tube reducer, flanged tube, female fitting for outlet, ball valve | Mechatronics Control Equipments India Pvt Ltd | RFSPUO/0338/22 23 May 18, 2022 | 1,526 | - | 69.98 |
| 16. | Radio frequency dryer | Monga Strayfield Private Limited | RFSPUO/2186/21 22 March 08, 2022 | 1 | - | 69.62 |
| 17. | Drying range machines for mercerizing range | Radiant Engineering Works | RFSPUO/2185/21 22 March 08, 2022 | 1 | - | 64.31 |
| 18. | Advanced automatic weft straightening machine | PLEVA GmbH | RFSPUO/2127/21 22 March 01, 2022 | 1 | EURO 60,500 | 52.03 |
| 19. | High efficiency 5 chamber single layer tensionless conveyor dryer | Swastik Textile Engineers Private Limited | RFSPUO/2221/21 22 March 12, 2022 | 1 | - | 53.10 |
| 20. | Plc based dye kitchen management system consist of chemical supply system, dyestuff dissolving system incl. networking | THIES GmbH & Co.KG | 117014436 August 03, 2022 | 1 | EURO 2,70,000 | 221.40 |

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.## | Amount (In foreign currency)# | Amount ^{^*} (₹ in lakhs) |
|--------------|---|-----------------------------------|--|--------|-------------------------------|-----------------------------------|
| 21. | Continuous tumbler with optional extras | Pentek Textile Machinery | 220606_XTC June 06, 2022 | 1 | EURO 2,78,900 | 231.49 |
| 22. | Orthopac | Mahlo GmbH | 222190 August 01,2022 | 1 | EURO 67,500 | 54.00 |
| 23. | Automatic drawing, warp tying machine and frame | Staubli Sargans AG | RFSPUO/1721/21 22 December 27, 2021 | 6 | 4,30,000 CHF | 352.60 |
| 24. | Other machineries and equipment** | As per respective purchase orders | As per respective purchase orders | - | | 293.37 |
| Total | | | | | | 7,570.89 |

^{*}The above cost includes applicable taxes.

^{**}Other Machineries and Equipment includes fabric dyeing machine and equipments, laboratory setting curring chamber, dyeing machine, hydro extractor with accessories, piston valve, trap and other spares, boiler service, centrifuge machine, serial analog, temperature controller and sensor, relief breath valve, kit mainboard, E-board minidy/2, dyekier LID oring, E-board control, driver card, magnetic sensor w/o cable, stepper motor, proximity sensor, limit switch, photoelectric cell sensor, fitting, timing belt, SS pipette, powder dispensing canister with net, flow Mtrs, kit modification for locking, O ring EPDM Diam, Inverter, forklift truck, structure detector, flat belt conveyer system, palating machine.

[^]Estimated amount which are denominated in foreign currencies (i.e., EURO, USD) has been converted based on the exchange rates as on date of purchase orders / payments made / forward rate. Actual amount may be subject to change as per the prevailing exchange rate at the time of making payments and the management has also provided contingencies for the same.

^{##}In numbers unless otherwise specified

iv. Electricals

Our Company proposes to incur an aggregate cost of ₹386.24 lakhs towards electricals for Fabric Processing as set forth below:

| Sr. No. | Description of goods | Name of the Supplier | Purchase Order/Quotation/ Invoice & Date | Qty.# | Amount* (₹ in lakhs) |
|--------------|--|-------------------------|--|----------------|----------------------|
| 1. | Aluminium cable- 3.5x300 & copper cables | Gemscab Industries Ltd. | RFSCPC/0294/2223 July 8, 2022 | 21,600 Mtrs | 175.44 |
| 2. | Switch board, mcb db, control panel, changeover panel switch box | Saishree Electrick Co., | RFSPUO/0733/2223, July 11, 2022 | 34 | 210.80 |
| | Cable glands, copper wires, bolt, and nut and metallic sheet | | RFSPUO/0737/2223, July 11, 2022 | - | |
| | | | RFSPUO/0742/2223 July 11, 2022 | 8,645 | |
| Total | | | | | 386.24 |

^{*}The above cost includes applicable taxes

[#]In numbers unless otherwise specified

v. Provision for contingency, interest cost during construction and other expenses

The current estimates and specifications in relation to the capital expenditure requirements of the Proposed Projects are based on the current status of implementation, project design and layout. For Fabric Processing,

our Company has received quotations or work orders for building and civil works, plant & machineries, and electricals, as above, however we may have to incur additional costs that would be known only at the time of commencement of the civil works or commissioning of the plant & machineries and electrical fittings. Further, expenses such as interest capitalisation, forward premium, pre-operative expenses, erection, and commission expenses would require to be incurred. Our Company envisages that there might be price fluctuations and the project cost may increase. The total cost for contingencies, interest cost during construction period, pre-operative expenses and other miscellaneous expenses are estimated to ₹2,029.12 lakhs.

2. Capital expenditure for modernisation of existing spinning capacity

Our Company had installed Open end spinning machines with automatic rotor spinning machines in Fiscal 2022 to improve productivity and modernise our existing machineries which enables us to increase our product profile from regular yarn to denim and knitting yarn. The Company has also expanded its existing spinning capacity from ~1,33,616 spindles to ~1,51,808 which includes 18,192 spindles added during Fiscal 2022. It is proposed to modernize 13 Carding machines, 3 Blow room machines and 4 Simplex machines and upgradation of Autoconer machines. We believe that this modernisation of existing spinning capacity will help us to improve our operational efficiencies, increase our productivity, widen our product range, and assist in reduction of our overall operating expenses.

Details of Estimated Costs

The total estimated cost of capital expenditure for spinning modernization is ₹4,281.78 lakhs. The detailed breakdown of estimated cost for spinning modernization is set forth below:

| Particulars | Total estimated Amount (₹ in lakhs) |
|-------------------------|--|
| Spinning Modernization | 4,148.86 |
| Interest Capitalization | 132.92 |
| Total | 4,281.78 |

Spinning Modernisation:

a) Civil

Our Company proposes to incur an aggregate amount of ₹164.54 lakhs towards building and civil works for spinning modernisation as set forth below:

| Sr. No. | Particulars | Name of the Contractor | Purchase Order/Quotation/Invoice and Date | Amount* (₹ in lakhs) |
|--------------|--|-------------------------------------|--|-------------------------|
| 1. | Carding modernization & blow room civil A & B unit | Shree Siva Builders Private Limited | RMLCWO/0171/2223 August 18, 2022 | 50.76 |
| 2. | False ceiling work for TFO building (sapphire mill) | Sri Sai Pari False Ceiling Work | RMLCWO/0227/2122 March 07, 2022 | 28.39 |
| 3. | Breaker room, transformer yard, shed work and earth pit, cable, air trenches, ug sump & cooling tower shed work for building (sapphire mill) | Lakshmi Constructions | RMLCWO/0285/2122 April 13, 2022 RMLCWO/0226/2122 March 07, 2022 | 79.84 |
| 4. | Quenching tank | R.J. Builders | RMLCWO/0113/2122 July 15, 2022 | 5.55 |
| Total | | | | 164.54 |

*The above cost includes applicable taxes

b) Plant and Machineries

Our Company proposes to incur an aggregate amount of ₹2,895.03 lakhs towards plant and machineries for spinning modernisation as set forth below:

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation /Invoice & Date | Qty.# | Amount (In foreign currency) | Amount ^{A*} (₹ in lakhs) |
|--|--|--|--|----------|------------------------------|-----------------------------------|
| 1. | Carding machine, coiler with can changer, flat strip suction | Truetzschler India Private Limited | RMLPUO/0324/2122 | 8 | | 850.10 |
| | September 01, 2021 | | | | | |
| | Condenser, bale opener, fan, mixer | | RMLPUO/0329/2122 | 25 | | |
| | September 03, 2021 | | | | | |
| | Fan, universal mixer, magnet trap | | RMLPUO/0041/2122 | 9 | - | |
| September 03, 2021 | | | | | | |
| Bale opener, air separator, fan, change box | RSTPUO/0293/2122 | 15 | | | | |
| September 03, 2021 | | | | | | |
| Condenser, stand, panel | RSTPUO/0335/2122 | 5 | | | | |
| January 24, 2022 | | | | | | |
| 2. | Carding machine, trolley, fine feed chute system and waste analysing chamber | Lakshmi Machine Works Limited | RMLPUO/0325/2122 | 5 | | 450.02 |
| | September 01, 2021 | | | | | |
| | Vario clean | | RMLPUO/0434/2122 | 1 | | |
| | October 19, 2021 | | | | | |
| | Flexiclean, ventilator, deduster, panel | | RMUPUO/0057/2122 | 9 | - | |
| | November 23, 2021 | | | | | |
| | Carding machine | | RMUPUO/0040/2122 | 3 | | |
| September 03, 2021 | | | | | | |
| Speed frame, drive and suction device | RSTPUO/0292/2122 | 4 | | | | |
| September 01, 2021 | | | | | | |
| Cleaning and dedusting machine | RSTPUO/0302/2021 | 1 | | | | |
| October 08, 2021 | | | | | | |
| 3. | Rotary screw compressor, refrigerated air dryer, compressed air filter | Kaeser Compressors (India) Private Limited | RMLPUO/0758/2122 | 3 | | 38.51 |
| | February 28, 2022 | | | | | |
| Screw compressor, micro filter, refrigerated air dryer, air receiver | RMLPUO/0765/2122 | 6 | - | | | |
| March 02, 2022 | | | | | | |
| 4. | Overhead travelling cleaner swift-s with railing assembly | Sara Elgi Industries Limited | RMLPUO/0001/2223 | 4 | | 45.81 |
| | | | April 01, 2022 | | | |
| RMLPUO/0682/2122 | 11 | - | | | | |
| February 03, 2022 | | | | | | |
| 5. | Precision propeller assembly winding machine | Peass Industrial Engineers Pvt. Ltd | RMLPUO/0654/2122 | 5 | | 341.26 |
| | January 20, 2022 | | | | | |
| Rewinding machine with drums | RMLPUO/0653/2122 | 4 | - | | | |
| January 20, 2022 | | | | | | |
| 6. | High speed yarn singeing machine | SSM Vertriebs AG, | RMLPUO/0651/2122 | 1 | CHF | 366.19 |
| | January 20, 2022 | | | 4,50,000 | | |
| High-speed precision winding machine | RMLPUO/0652/2122 | 1 | - | | | |
| January 20, 2022 | | | | | | |
| 7. | Two for one twisting machine-model: vj-120- | Veejay Lakshmi | RMLPUO/0650/2122 | 20 | - | 599.03 |
| January 20, 2022 | | | | | | |

| Sr. No. | Description of machinery | Name of the Supplier | Purchase Order/Quotation /Invoice & Date | Qty.# | Amount (In foreign currency) | Amount ^{^*} (₹ in lakhs) |
|--------------|-----------------------------------|-----------------------------------|--|-------|------------------------------|-----------------------------------|
| | md with 240 spindles | Engineering Works Limited | | | | |
| 8. | Other Machineries and Equipment** | As per respective Purchase orders | As per respective Purchase orders | - | - | 204.11 |
| Total | | | | | | 2,895.03 |

*The above cost includes applicable taxes

**Other Machineries and Equipment includes modifications in automatic waste eject system, dust air filtration, Used Splicer with accessories and electronic yarn clearer, fire detection system, metal detector and diverter box, contifeed system, air volume, knitting machine with accessories, cops sorting machine, inspiron make flyer, transformer, pallet stretch wrapping machine, PP winding machine with drums, yarn conditioning plant, refrigerated water chiller

[^]Estimated amount which is denominated in foreign currency (i.e., CHF) has been converted based on the exchange rate as on date of purchase order. The actual amount may be subject to change as per the prevailing exchange rate at the time of making payment and the management has also provided contingencies for the same.

#In numbers unless otherwise specified

c) Other parts

Our Company proposes to incur an aggregate amount of ₹1,089.29 lakhs towards other parts for spinning modernisation as set forth below:

| Sr. No. | Description of goods | Name of the supplier | Purchase order/Quotation/ Invoice & Date | Qty. | Amount (In foreign currency) | Amount ^{^*} (₹ in lakhs) |
|---------|---|--|--|--------|------------------------------|-----------------------------------|
| 1. | Simplex bobbin - 16" lift | Ideal sheet metal stampings and pressing Pvt. Ltd. | RSTCPC/0636/2223 June 21, 2022 | 28,000 | - | 32.33 |
| 2. | Scissor group, feeler, cam, bearing, wheel, roller, belt, conveyor, spring, rings, and spares | Vandewiele-Savio India Private Limited | RMLCPC/1469/2223 June 22, 2022 | 2,069 | - | 407.62 |
| | Piston, belt, fitting, roller, gasket, and spares | | RMLCPC/5077/2122 January 18, 2022 | 5,728 | | |
| | Electronic circuit board, sensor, and spare parts | | RMLCPC/5078/2122 January 18, 2022 | 331 | | |
| | Scissor, electric motor, circuit board | | RMLCPC/5080/2122 January 18, 2022 | 296 | | |
| | Service electrical capital | | RMLSER/0212/2223 May 11, 2022 | 133 | | |
| | Service electrical capital | | RMLSRE/0006/2223 May 27, 2022 | 1 | | |
| | Service electrical capital | | RMLSRE/0008/2223 July 05, 2022 | 1 | | |
| | Service electrical capital | | RMLSRE/0016/2223 August 08, 2022 | 1 | | |

| | | | | | | |
|----|---|--------------------------------------|--|--------|-----------|-------|
| | Cable, motor, circuit board, feeler | | RSTCPC/0672/2223 June 25, 2022 | 363 | | |
| | Scissor, spring, piston, fitting, and other spare parts | | RSTCPC/2473/2122 January 26, 2022 | 8,339 | | |
| | Gasket, drum, spring, and support | | RSTCPC/2474/2122 January 26, 2022 | 1,770 | | |
| | Bush, brake shoe, piston and spares | | RSTCPC/2475/2122 January 26, 2022 | 6,328 | | |
| | Electro valve | | RSTCPC/2564/2122 February 07, 2022 | 315 | | |
| | Antenna, circuit board and spares | | RMUCPC/1512/2122 January 13, 2022 | 457 | | |
| | Cable, electro valve and support | | RMUCPC/1572/2122 January 18, 2022 | 110 | | |
| | Gasket, scissor, spring, and valve | | RMUCPC/1593/2122 January 21, 2022 | 2,178 | | |
| | Service electrical capital | | RMUSER/0135/2223 June 28, 2022 | 30 | | |
| | Service electrical capital | | RMLSRE/0023/2223 September 02, 2022 | 1 | | |
| | Disc spares | | SPQ226253 August 25, 2022 | 64 | | |
| | Service electrical capital | | RMUSER/0218/2223 August 22, 2022 | 64 | | |
| 3. | Spinning rings | Bracker ag | 20020051 July 21, 2022 | 13,512 | CHF | 59.52 |
| | | | 20019775 July 11, 2022 | 1,920 | 71,827.00 | |
| | | | RMUCPC/0670/2223 August 12, 2022 | 1,008 | | |
| 4. | Cleaning device, technical base, supporting foot, cleaning liquid, cleaning insert and basket, lubricating adaptor and top apron chadle | Saurer spinning solutions GmbH co.kg | 15268848 March 30, 2022 | 9 | EURO | 19.93 |
| | Spindle apparatus and adapter | | 041/2022 August 25, 2022 | 3 | 25,695.48 | |
| | Apron chadle, loose boss roller | | 15272887 August 12, 2022 | 6,528 | | |
| 5. | Energy efficient fan nylon | Texconn solutions | RMLCPC/2197/2223 July 28, 2022 | 68 | - | 43.03 |
| | | | RMLCPC/2190/2223 July 28, 2022 | 21 | | |
| 6. | Preventive repair charges-yaskawa inverter, gate driver board, digital input | Rieter India Private Limited | 101282054 November 18, 2020 | 12 | - | 28.84 |

| | | | | | | | |
|--------------|---|--|---------------------------------------|----|---|-----------------|--|
| | module, panel cpu standard, g10 power supply, cpua20, safety relay | | | | | | |
| 7. | Humidification plant | Coimbatore air control systems Pvt. Ltd. | RMLPUO/0773/2122 March 04, 2022 | 3 | - | 39.46 | |
| 8. | Main It switch board, sub main board, mcb distribution board- electrical spares | Switchwell Engineering | RMLPUO/0700/2122 February 08, 2022 | 22 | - | 105.80 | |
| 9. | Goods vehicle tata motor | Abt Industries Ltd. | RMLPUO/0840/2122 March 25, 2022 | 2 | - | 25.39 | |
| 10. | Other electricals spares and machines** | As per respective purchase orders | As per respective purchase orders | - | - | 326.21 | |
| Total | | | | | | 1,089.29 | |

*The above cost includes applicable taxes

**Other electricals spares and machines includes copper cables, bobbin, aluminium cables, copper wires, sub main board, clearer roller cleaning machine, electronic roving stop, refrigerated air dryer, density measurement system, fire production system, kanai rings, water softening plant. Air conditioner, perfect fluted roller truing machine, top comb, circular comb brush, bearing saddle, nose bar, tension roller bar assembly, loading machine trolley, fire protection system including spark detector, water tank, air tank and control panel, automatic roll greasing machine, upgrade kit, flat grinding device, inverter, pressure transducer and transmitter, controller control panel, transformer, relay and accessories, display unit, dampers actuator, conduit- clamp, bend, nipple, pipe, earth clip and other electronic items.

^Estimated amount which is denominated in foreign currencies (i.e., CHF, EURO) has been converted based on the exchange rates as on date of purchase orders / payments made / forward rate. Actual amount may be subject to change as per the prevailing exchange rate at the time of making payments and the management has also provided contingencies for the same.

In numbers unless otherwise specified.

3. Capital expenditure for setting up of electrical infrastructure capacity to support existing and proposed infrastructure

With a view to support existing and proposed capacities, we intend to set up electrical capacity at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. For setting up of electrical capacity, the total estimated cost is ₹1,716.06 Lakhs.

Details of Estimated Costs

The total estimated cost of capital expenditure for setting up a 110KVA power substation to support the expanded capacities is ₹1,716.06 lakhs. The detailed break-down of estimated cost for setting up a 110KVA power substation is set forth below:

| Particulars | Total estimated amount |
|-------------------------|------------------------|
| 110 KVA | 1,676.06 |
| Interest Capitalization | 40.00 |
| Total | 1,716.06 |

110KVA:

a) Civil

Our Company proposes to incur an aggregate cost of ₹185.91 lakhs towards civil for setting up of electrical capacity as set forth below:

| Sr. No. | Particulars | Name of the Contractor | Purchase Order/Quotation/Invoice and Date | Amount* (₹ in lakhs) |
|--------------|------------------------|------------------------|---|----------------------|
| 1. | Civil Work for 110 KVA | Bethanan Associates | RMLCWO/0219/2122 February 14, 2022 | 185.91 |
| Total | | | | 185.91 |

*The above cost includes applicable taxes

b) Plant and Machineries

Our Company proposes to incur an aggregate cost of ₹406.27 lakhs towards plant and machineries for setting up of electrical capacity as set forth below:

| Sr. No. | Description of machinery | Name Of the Supplier | Purchase Order/Quotation/Invoice & Date | Qty.# | Amount (In foreign currency) | Amount (₹ in lakhs)* |
|--------------|-------------------------------------|---|---|-------|------------------------------|----------------------|
| 1. | 110KV power transformer 12.5/16 MVA | CG Power and Industrial Solutions Limited | RMLPUO/0659/2122 January 25, 2022 | 2 | - | 406.27 |
| Total | | | | | | 406.27 |

*The above cost includes applicable taxes

#In numbers unless otherwise specified

c) Other parts

Our Company proposes to incur an aggregate cost of ₹1,083.88 lakhs towards other parts for setting up of electrical capacity as set forth below:

| Sr. No. | Description of goods | Name Of the Supplier | Purchase Order/Quotation/Invoice & Date | Qty.# | Amount (₹ in lakhs)* |
|---------|--|-------------------------|--|-------------------------------|----------------------|
| 1. | GI boltnut and washer assorted, aluminium connector tube, service electrical capital | S. Karthikeyan & Co | RMLCPC/0114/2223 April 07, 2022 | 2,800 | 61.02 |
| | | | RMLCPC/6228/2122 March 23, 2022 | 293 | |
| | | | RMLBOS/0025/2122 March 25, 2022 | 1 | |
| 2. | Cable rack-spares for 110MVA | Sri Vishnu Electricals | RMLCPC/0580/2223 May 05, 2022 | 5,000 Kgs | 13.68 |
| | | | RMLCPC/0814/2223 May 16, 2022 | 5,000 Kgs | |
| | | | RMLCPC/1168/2223 Date: June 03, 2022 | 20 | |
| 3. | PVC pipe-spares for 110MVA | Hydro Pipes | RMLCPC/1168/2223 Date: June 03, 2022 | 20 | 6.08 |
| 4. | Aluminium cable and copper cable | Gemscab Industries Ltd. | RMLCPC/5887/2122 March 08, 2022 | 16,500 Mtrs | 369.10 |
| | | | Aluminium conductor, Insulated core, and other PVC items | SR/2022-23 August 28, 2022 | |

| Sr. No. | Description of goods | Name Of the Supplier | Purchase Order/Quotation/Invoice & Date | Qty.# | Amount (₹ in lakhs)* |
|---------|---|---|---|---------------|----------------------|
| 5. | Aluminium tube, GI structure and bolt & nut | Gopi Electricals | RMLCPC/6046/2122 March 15, 2022 | 28,800 Kgs | 94.24 |
| | Copper flat | | RMLCPC/6350/2122 March 29, 2022 | 900 Kgs | |
| | GI Flat size | | RMLPUO/0727/2122 February 15, 2022 | 25,000 Kgs | |
| 6. | GI pipes, butterfly valve, gate valve, non-return valve, prefabricated m.s. structural steel support, strainer, ball valve, spray nozzle, sprinkler brass conventional pendent, deluge valve, electromagnetic type solenoid valve, auto control panel for fire system, copper cable, warping & coating and other accessories for 110mva | Usha Fire Safety Equipments Private Limited | RMLPUO/0095/2223 May 16, 2022 | 2,090 | 19.20 |
| 7. | Current and voltage transformer | CG Power and Industrial Solutions Limited | RMLPUO/0661/2122 January 25, 2022 | 18 | 113.87 |
| | Circuit breaker, panel, and spares | | RMLPUO/0660/2122 January 25, 2022 | 20 | |
| 8. | Isolator-ab switch structure-spares for 110MVA | I.P.L. Products | RMLPUO/0687/2122 Date: February 04, 2022 | 14 | 33.84 |
| 9. | VCB panel 11kv for 110MVA | Universal Powertech Engineering | RMLPUO/0703/2122 Date: February 10, 2022 | 2 | 80.68 |
| 10. | Battery bank 110v and charger for 110MVA | Varsha Power System | RMLPUO/0721/2122 Date: February 14, 2022 | 2 | 7.37 |
| 11. | Current and voltage | Emmess Control | RMLPUO/0850/2122 Date: March 30, 2022 | 8 | 16.05 |

| Sr. No. | Description of goods | Name Of the Supplier | Purchase Order/Quotation/Invoice & Date | Qty.# | Amount (₹ in lakhs)* |
|--------------|-------------------------------|--|---|-------|----------------------|
| | transformer-spares for 110MVA | Private Limited | | | |
| 12. | EB | EB 110KV Development and infrastructure charges paid to TANGEDCO | - | - | 268.75 |
| Total | | | | | 1,083.88 |

*The above cost includes applicable taxes

#In numbers unless otherwise specified

Implementation Schedule

The proposed implementation schedule for Proposed Projects is set forth below:

| Activities | Estimated | |
|---|----------------------------|--------------------------|
| | Commencement (Month, Year) | Completion (Month, Year) |
| Acquisition of Land | May, 2022 | June, 2022 |
| Building and Civil works | January, 2022 | January, 2023 |
| Purchase and commissioning of Plant and machinery and Electricals | August, 2022 | March, 2023 |
| Trial production | January, 2023 | April, 2023 |
| Commencement of Commercial Production | May, 2023 | June, 2023 |

Infrastructure facilities and Utilities

Power

In relation to the enhancement of fabric division capacity, our Company will require 2300KW power and we propose to seek the additional power connection (110 KVA) by entering a power supply agreement with Tamil Nadu Generation and Distribution Corporation Limited (“TANGEDCO”). The proposed 110KVA sub-station with single combined connection to the Company will provide seamless transfer of energy between eligible units.

Water

The processing unit will consume ~1200KLD water. Zero discharge ETP system will be installed by our Company through which ~94% of water would be recycled. Our Company will use treated sewage water running in canal passing through Company’s premise to fulfill the balance shortage of ~70KLD water for humidification, boiler, and domestic use. Our Company has already obtained necessary no objection certificate from district collector to use the sewage water for industrial purpose. Accordingly, our Company will utilise supply of water from installed ETP system and sewage treatment plant.

Technical Knowhow

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

Government and other Approvals

In relation to the Proposed Projects, our Company has obtained/under process of obtaining necessary approvals. For further details, see the chapter titled “Government and Other Statutory Approvals” on page 104.

Estimated Issue related expenses

The total expenses of the Issue are estimated to be approximately ₹52.45 lakhs. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, and marketing expenses and other expenses.

The estimated Issue expenses are as under:

| Particulars | Estimated Expenses (₹ In Lakhs) | % of Estimated Issue related expenses | % of Estimated Issue size |
|---|------------------------------------|---------------------------------------|---------------------------|
| Fees of the Lead Manager, Registrar to the Issue, legal advisor, other professional service providers and statutory fee | 31.75 | 60.53 | 0.91 |
| Fees payable to regulators, including depositories, Stock Exchange, and SEBI | 12.25 | 23.35 | 0.35 |
| Statutory Advertising, Marketing, Printing and Distribution | 3.28 | 6.25 | 0.09 |
| Other expenses (including miscellaneous expenses and stamp duty) | 5.17 | 9.87 | 0.15 |
| Total estimated Issue expenses* | 52.45 | 100.00 | 1.50 |

*Subject to finalisation of Basis of Allotment and actual Allotment. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.

Appraisal of the Objects

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

Interim Use of Funds

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by SEBI. We confirm that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate, or related products.

Bridge Loan

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

Monitoring of Funds

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

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than

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

Strategic and Financial Partners to the Objects of the Issue

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

Key Industry Regulations for the Objects of the Issue

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

Other Confirmations

There are no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds with our Promoters, Directors, Associate Company, or Key Management Personnel of our Company in ordinary course of business and no part of the Net Proceeds will be paid as consideration to any of them. Further, except as disclosed, as none of our Promoters, members of Promoter Group or Directors are interested in the Objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

The Board of Directors

Rajapalayam Mills Limited

Rajapalayam Mills Premises,
Post Box No. 1,
P.A.C. Ramaswamy Road, Rajapalayam,
Tamil Nadu – 626117

Re: Proposed rights issue of equity shares of face value of ₹ 10 each (the “Equity Shares” and such offering, the “Issue”) of Rajapalayam Mills Limited (the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the ‘Act’).

We hereby report that the enclosed Statement prepared by Rajapalayam Mills Limited (the “Company”) states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2022 (hereinafter referred to as “Income Tax Laws”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed offer.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ (‘the Guidance Note’) issued by the Institute of Chartered Accountants of India (‘ICAI’). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

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

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

- the Company or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchange where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

Yours faithfully,

For and on behalf of M/s N.A. Jayaraman & Co.
Chartered Accountants
Firm Registration Number: 001310S

For and on behalf of M/s SRSV & Associates
Chartered Accountants
Firm Registration Number: 015041S

Name: R. Palaniappan
Partner
ICAI Membership Number: 205112

Name: V. Rajeswaran
Partner
ICAI Membership Number: 020881

UDIN: 22205112BEJPRJ4823
Date: November 29, 2022
Place: Chennai

UDIN: : 22020881BELBWR4831
Date: November 29, 2022
Place: Chennai

Encl: As above

ANNEXURE I

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO RAJAPALAYAM MILLS LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as ‘the Act’)

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Act

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

Notes:

- a. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23.
- d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO RAJAPALAYAM MILLS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively referred to as "Indirect Tax")

1. Special tax benefits available to the Company under the Indirect Tax

There are no special indirect tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Indirect Tax

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

Notes:

- a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.
- c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.
- d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The industry related information in this chapter is derived from the website of India Brand Equity Foundation and its report titled “Textile and Apparels-June 2022” (referred as “**IBEF Report**”) prepared by India Brand Equity Foundation, except for other publicly available information as cited in this chapter. Neither we nor any other person connected with the Issue has verified the information in the IBEF Report or other publicly available information cited in this chapter. Further, the IBEF Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends. Opinions in the IBEF Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the IBEF Report.

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

Indian Textile Industry

The Indian textile industry is one of the largest in the world with a large unmatched raw material base and manufacturing strength across the value chain. India is the 6th largest exporter of Textiles & Apparel in the world. The share of textile and apparel including handicrafts in India’s total exports stands at a significant 11.4% in 2020-21. India has a share of 4% of the global trade in textiles and apparel. (Source: Annual Report 2021-22, Ministry of Textile)

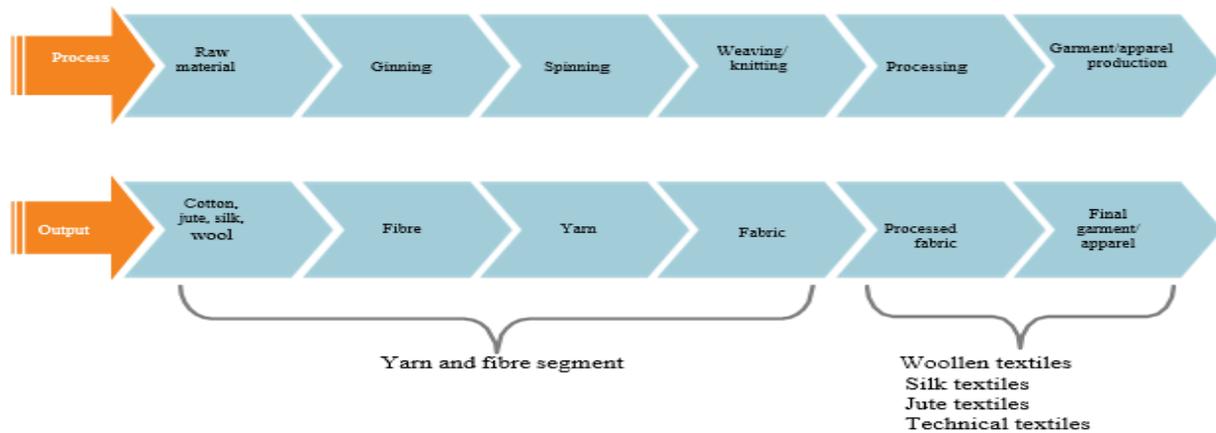
Market Size

The textiles and apparel industry contribute 2.3% to the country’s GDP, 13% to industrial production and 12% to exports. The textile industry has around 45 million of workers employed in the textiles sector, including 3.5 million handloom workers. India’s textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY.



COVID-19 has impacted the Indian textile and apparel exports and the total exports is expected to reach US\$ 65 billion by FY26. The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. The Indian apparel market stood at US\$ 40 billion in 2020 and is expected to reach US\$ 135 billion by 2025. (Source: IBEF Report)

Key Segments of Textile Industry



(Source: IBEF Report)

Cotton Production

Cotton is one of the most important cash crops and accounts for around 25% of the total global fibre production. In the raw material consumption basket of the Indian textile industry, the proportion of cotton is around 60%. The consumption of cotton is approximately 300 lakh bales (170 kg each) per year. India occupies first position in the world in cotton acreage with around 133 lakh hectares under cotton cultivation which is around 41% of the world area of 320.54 lakh hectares. (Source: Annual Report 2021-22, Ministry of Textile)

Export

India is the world's second-largest textile exporter. Capacity built over years has led to low cost of production per unit in India's textile industry. This has lent a strong competitive advantage to the country's textile exporters over key global peers. Exports of textiles (RMG of all textiles, cotton yarns/fabs/made-ups/handloom products, man-made yarns/fabs./made-ups, handicrafts excl. handmade carpets, carpets and jute mfg. including floor coverings) stood at US\$ 44.4 billion in FY22. In July 2021, the government extended the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for exports of apparel/garments and made-ups until March 2021. This helped boost exports and enhance competitiveness in the labour-intensive textiles sector.



(Source: IBEF Report)

Government Initiatives

Amended Technology Up-gradation Fund Scheme (A-

- The government allocated funds worth Rs. 17,822 crore (US\$ 2.38 billion) between FY16 and FY22 for the 'Amended Technology Up-gradation Fund

| | |
|--|---|
| TUFS) | Scheme' (A-TUFS) to boost the Indian textile industry and enable ease of doing business. |
| National Textile Policy – 2000 | <ul style="list-style-type: none"> ▪ Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements. ▪ New draft for this policy ensures that 35 million people get employment by attracting foreign investment. It also focuses on establishing a modern apparel garment manufacturing centre in every state in the Northeast for which the Government has invested an amount of US\$ 3.27 million. |
| FDI | <ul style="list-style-type: none"> ▪ Foreign direct investment (FDI) of up to 100% is allowed in the textile sector through the automatic route. |
| SAATHI Scheme | <ul style="list-style-type: none"> ▪ 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. |
| Merchandise Exports from India Scheme | <ul style="list-style-type: none"> ▪ The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of textiles Industry - readymade garments and made-ups - from 2% to 4%. |
| Scheme for Capacity Building in Textiles Sector (SCBTS) | <ul style="list-style-type: none"> ▪ The Cabinet Committee on Economic Affairs (CCEA), Government of India, has approved a new skill development scheme called 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs. 1,300 crore (US\$ 202.9 million) from FY18-20. ▪ The scheme is aimed at providing a demand driven and placement-oriented skilling programme to create jobs in the organised textile sector and to promote skilling and skill upgradation in the traditional sectors. |
| Government Incentives | <ul style="list-style-type: none"> ▪ 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 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 August 2021, Minister of Petroleum & Natural Gas and Labor & Employment, Mr. Rameswar Teli, launched ONGC-supported Assam handloom project 'Ujjwal Abahan' through the virtual platform. The project will support and train >100 artisans of Bhatiapar of Sivasagar, Assam in Hathkharga handicraft. ▪ In October 2021, the Ministry of Textiles approved continuation of the comprehensive handicrafts cluster development scheme with a total outlay of Rs. 160 crore (US\$ 21.39 million). Through this scheme, the government aims to support domestic SMEs and local artisans. |
| Textile Incentives | <ul style="list-style-type: none"> ▪ The Textile Ministry of India earmarked Rs. 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernisation of the Indian textile sector. |

| | |
|--|---|
| SAMARTH | <ul style="list-style-type: none"> ▪ In 2019, Ministry of Textiles signed a pact with sixteen states for skilling around 400,000 workers under the SAMARTH scheme. ▪ Six additional courses were added for technical textiles in its skill development programme. ▪ In October 2021, the government introduced SAMARTH training at 75 training centers across the country to accelerate the scheme’s coverage among artisans. |
| Production-Linked Incentive Scheme | <ul style="list-style-type: none"> ▪ Under this scheme, incentives will be provided to manufacture and export specific textile products made of man-made fibres. ▪ The government approved Rs. 10,683 crore (US\$ 1.44 billion) for man-made fibre and technical textiles. |
| Mega Integrated Textile Region and Apparel (MITRA) Parks Scheme | <ul style="list-style-type: none"> ▪ Under the Union Budget 2021-22, Minister of Finance and Corporate Affairs, Ms. Nirmala Sitharaman launched a Mega Integrated Textile Region and Apparel (MITRA) Park scheme to establish seven textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period. ▪ Under Union Budget 2021-22, the Telangana government has been allocated funds for setting up the Kakatiya Mega Textile Park (KMTP) at an estimated cost of Rs. 1,552 crore (US\$ 212 million). ▪ On March 3, 2021, the Gujarat government announced to set up two mega textile parks to enable forward and backward integration in the sector. |
| Government Announcements | <ul style="list-style-type: none"> ▪ Through the Digital India Corporation and the Ministry of Electronics and Information Technology, the Ministry of Textiles is creating an e-commerce platform to offer direct marketing opportunities to the handicraft artists and weavers. In the first phase, artisans/weavers from 205 handicrafts/handlooms clusters are being selected throughout the country for uploading their handicrafts/handlooms products on the portal. ▪ In November 2021, 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, 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. ▪ In March 2021, under the ongoing sub-mission on agroforestry (SMAF) scheme, the Ministry of Agriculture and Farmers Welfare signed a memorandum of understanding (MoU) with the Central Silk Board, under the Ministry of Textiles, on a convergence model to implement agroforestry in the silk sector. |
| Government Marketplace e- | <ul style="list-style-type: none"> ▪ To support the handloom and handicrafts sector, the government has taken steps to onboard weavers/artisans on Government e-Marketplace (GeM), provide a wider market and enable them to sell products directly to various government departments and organisations. ▪ As of June 30, 2021, 1.77 lakh weavers/artisans/handloom entities have been registered on the GeM portal. |

| | | |
|-----------------------|--------------|--|
| Weavers Scheme | MUDRA | <ul style="list-style-type: none"> ▪ 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. |
|-----------------------|--------------|--|

(Source: IBEF Report)

Opportunities

| | | |
|--|---------------|--|
| Immense potential | growth | <ul style="list-style-type: none"> ▪ The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. ▪ The textile and apparel industry is expected to grow to US\$ 190 billion by FY26. ▪ In October 2021, the government announced the target to achieve US\$ 100 billion from India's textile exports in the next five years. ▪ Urbanisation is expected to support higher growth due to change in fashion and trends. |
| Silk production | | <ul style="list-style-type: none"> ▪ The Central Silk Board sets target for raw silk production and encourages farmers and private players to grow silk. To achieve these targets, alliances with the private sector, especially agro-based industries in pre-cocoon and post-cocoon segments, are encouraged. ▪ The total raw silk production stood at 33,000 MT in FY21. |
| Bilateral relations | | <ul style="list-style-type: none"> ▪ In October 2021, the Ministry of Textiles and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) signed an MoU to implement the 'Indo German Technical Cooperation' project. The project aims to increase the value addition from sustainable cotton production in the country. ▪ In March 2021, Pakistan approved reinstatement of cotton and sugar imports from India, indicating softening of bilateral relations. |
| Proposed FDI in multi-brand retail | | <ul style="list-style-type: none"> ▪ For the textile industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers. ▪ It will also bring in greater investment along the entire value chain - from agricultural production to final manufactured goods. ▪ With global retail brands assured of a domestic foothold, outsourcing will also rise significantly. |
| Union Budget 2022-23 | | <ul style="list-style-type: none"> ▪ Under the Union Budget 2022-23, the government has allocated: <ul style="list-style-type: none"> ○ Rs. 12,382 crore (US\$ 1.62 billion) to the Ministry of Textiles. ○ Rs. 133.83 crore (US\$ 17.53 million) to the Textile Cluster Development Scheme. ○ Rs. 478.83 crore (US\$ 62.73 million) for Research and Capacity Building in textiles. ○ Rs. 100 crore (US\$ 13.07 million) for National Technical Textiles Mission. |
| Centers of Excellence (CoE) for research and technical training | | <ul style="list-style-type: none"> ▪ The CoEs are aimed at creating testing and evaluation facilities as well as developing resource centres and training facilities. ▪ Existing 4 CoEs, BTRA for Geotech, SITRA for Meditech, NITRA for Protech and SASMIRA for Agrotech, would be upgraded in terms of |

| | |
|----------------------------|---|
| | <p>development of incubation centres and support for development of prototypes.</p> <ul style="list-style-type: none"> ▪ Fund support would be provided for appointing experts to develop these facilities. |
| Foreign investments | <ul style="list-style-type: none"> ▪ The Government is taking initiatives to attract foreign investment in the textile sector through promotional visits to countries such as Japan, Germany, Italy and France. ▪ According to the new Draft of the National Textile Policy, the Government is planning to attract foreign investment and creating employment opportunities for 35 million people. ▪ In December 2019, online clothing brand Henry & Smith raised US\$ 1 million from WEH Ventures and Rukam Capital. ▪ India can become the one-stop sourcing destination for companies from Association of Southeast Asian Nations (ASEAN) as there exist several opportunities for textile manufacturing companies from 10-nation bloc to invest in India. |

Advantage India

1. Competitive Advantage

- ▶ Abundant availability of raw cotton, wool, silk and jute.
- ▶ India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to other major textile producers.
- ▶ In March 2021, the Minister of Textiles Ms. Smriti Irani announced that India will be fully self-reliant in silk production in the next two years.

2. Policy Support

- ▶ 100% FDI (automatic route) is allowed in the Indian textile sector.
- ▶ Under 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 Textile Cluster Development Scheme, Rs. 100 crore (US\$ 13.07 million) for 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 Production Linked Incentive Scheme.
- ▶ In October 2021, the government approved a PLI scheme worth Rs. 4,445 crore (US\$ 594.26 million) to establish seven integrated mega textile parks and boost textile manufacturing in the country.

3. Increasing Investments

- ▶ In order to attract private equity (PE) and employ more people, the government introduced various schemes such as the Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS) and Mega Integrated Textile Region and Apparel (MITRA) Parkscheme.
- ▶ Total FDI inflows in the textiles sector between April 2000-March 2022 stood at US\$ 3.99 billion.

4. Robust Demand

- ▶ 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.
- ▶ Indian technical textiles market is expected to expand to US\$ 23.3 billion by 2027, driven by increased awareness of goods and higher disposable incomes.
- ▶ Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

(Source: IBEF Report)



OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire 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 18, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 88 and 92, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Consolidated Financial Statements and Limited Review Interim Consolidated Financial Statements.

OVERVIEW

We are a part of the South India-based Ramco Group, incorporated in 1936 and founded by P. A. C. Ramasamy Raja. Our Company is engaged in the business of manufacturing of yarn ranging from 4s to 345s (single/multiple yarn) and fabrics. Presently, we have four manufacturing facilities of yarn and one manufacturing facility of fabric. Our spinning units are located at Rajapalayam in Virudhunagar district and Perumalpatti in Thirunelveli district of Tamil Nadu. We have also established a fabric unit based at Rajapalayam in Virudhunagar district of Tamil Nadu in which we began the commercial production in March 2020. At present, our Company has an installed capacity of 1,51,808 spindles in Ring Spinning and 2,960 rotors in Open End Spinning. Our Company has a capacity of 154 looms with a greige fabric production capacity of 28,452 mtrs/day and are in the process of expanding our existing capacity by installing 166 additional looms with a greige production capacity of 38,897 mtrs/day under the new project which will enable the company to increase its capacity to 320 looms along with greige fabric capacity to 67,350 mtrs/day. Further, our company is in the process of establishing fabric finishing infrastructure which will enable the company to produce finished fabric of 50,000 mtrs/day. Our Company manufactures a wide range of products like Open End yarn, Ring yarn, Compact yarn, TFO yarn, Gassed yarn, Mercerised yarn, Slub yarn, Multi Count yarn, Melange yarn, Dyed Yarn, High Twist yarn, Core Spun yarn and Elitwist yarn. Our products are tailor-made to cater specific customer needs and we sell our products in domestic as well as international markets.

We are also engaged in the generation of electricity from windmills. We have an aggregate installed capacity of 35.15 megawatts (MW) wind power facilities which we use for our captive consumption, and this helps us to reduce our power costs. Our windmills are located in Dhanakkarkulam, Irukkandurai, Uthumalai, Aralvaimozhi, Chinnaputhur, Kozhumankondan, Melkaraipatty, Muthunaickenpatti district of Tamil Nadu.

P R Venketrama Raja and P V Abinav Ramasubramaniam Raja are the Promoters of our Company.

OUR FINANCIAL PERFORMANCE

Our financial performance, on consolidated basis, for the six months period ended on September 30, 2022, and September 30, 2021, and for the Fiscal 2022 and Fiscal 2021 are summarized below:

| Particulars | (₹ In lakhs) | | | |
|---|--|--|-----------------------|-----------------------|
| | As at and for the six months ended September 30, 2022* | As at and for the six months ended September 30, 2021* | Fiscal 2022 (Audited) | Fiscal 2021 (Audited) |
| Revenue from operation | 41,800.54 | 30,750.48 | 68,965.47 | 41,184.44 |
| EBITDA** | 11,066.91 | 18,780.36 | 29,839.50 | 18,158.23 |
| Net Profit/(Loss) after Tax (Before OCI)*** | 4,528.62 | 13,296.47 | 16,657.61 | 10,118.48 |

*Limited reviewed and unaudited.

**Includes exceptional items of ₹738.30 Lakhs and ₹ (421.83) Lakhs for the six months period ended September 30, 2022 and September 30, 2021, respectively and ₹642.39 Lakhs and ₹ (276.15) Lakhs for the Fiscal 2022 and Fiscal 2021, respectively.

***Includes share of Net Profit of Associates, net of tax of ₹2,026.80 Lakhs and ₹11,579.11 Lakhs for the six month ended September 30, 2022 and September 30, 2021, respectively and ₹14,774.07 Lakhs and ₹13,857.80 Lakhs for Fiscal 2022 and Fiscal 2021, respectively.

OUR STRENGTHS

- **Established market presence in finer count yarn segment**

Our Company was the first textiles venture of Ramco Group incorporated in the year 1936. We specialize in manufacturing yarn of finer counts ranging from 4s to 345s (single/multiple yarn), besides other value-added products like amsler slub, mercerised, melange, core spun, gassed yarn, TFO yarn, elitwist yarn and enjoying an established market presence in these products mainly driven by quality of our products and long-standing relationship with our customers. Our forward integration into fabric manufacturing with an existing installed capacity of 154 looms and proposed capacity of additional 166 looms under new project has further strengthened our market presence.

- **Extensive experience of Management Team**

The Board of Directors of our Company have a proven background and experience in the Textile industry. Our Chairman P R Venketrama Raja has been on the Board of our Company since 1986 and has more than 3 decades of industrial experience in textile industry. Also, our Managing Director Smt. P.V. Nirmala Raju has been on the Board of our Company since 2019 and has rich experience in the textile industry. Further, our Company is managed by a team of experienced personnel having operational and business development experience. We believe that our management team's experience and their understanding of the textile industry will enable us to continue to take advantage of both current and future market opportunities and help us in addressing and mitigating various risks inherent in our business, including significant competition and fluctuations in raw cotton prices.

- **Established Marketing Setup**

Our Company has been producing yarn since the year 1938. Over the years, we have established a strong customer base. Our Company has sufficient marketing expertise and marketing network across India and international markets. As on September 30, 2022, we have a total of 90 marketing agents out of which 76 are located in India and the rest spread across Bangladesh, Egypt, Germany, Indonesia, Japan, Portugal, Switzerland, South Korea, Taiwan and Turkey, where we market our products to fabric manufacturers and garment manufacturers.

- **Captive Power Plant**

Power is an important factor in every manufacturing facility. Considering the power requirements of our manufacturing facilities and as a part of environmentally sustainable measures for reducing our carbon footprint, our Company has installed windmills with a total capacity of 35.15 MW. These windmills are located at Dhanakkarkulam, Irukkandurai, Uthumalai, Aralvoimozhy, Chinnaputhur, Kozhumankondan, Melkaraipatty, Muthunaickenpatti district of Tamil Nadu. These windmills help us in getting an uninterrupted power supply at reduced cost.

OUR STRATEGIES

Our strategic objective is to improve and consolidate our position as a yarn and fabric manufacturing company in the global textile industry with a continuous growth philosophy.

- **Expansion of our existing production capacity**

Our Company has an existing capacity of 154 looms. Our Board has approved expansion of fabric capacity by adding another 166 looms in fabric division and establishment of fabric finishing unit with a capacity of processing ~50,000 meters of fabric per day. We believe that there is a good demand of finished fabric, and the proposed addition of looms will help us to meet the increasing demand of our fabric customers. Our Company has estimated a capital outlay of ~₹400 crores, *inter alia*, Looms Expansion and Fabric Processing. The new project will be funded by secured term loans, proceeds from Rights Issue, Sale of Investments and/or internal accruals. For further details, please see "Objects of the Issue" on page 43 of this Letter of Offer.

- **Focus on value added products**

Our Company will continue to focus more on production of value added products like Melange yarn, Mercerised yarn, Multi Count yarn and Twist yarn, Core Spun yarn, Elitwist yarn etc. The value added products normally command higher pricing and better margins, which would in turn have a positive impact on our profitability.

- **Achieve Operational Excellence**

We continue to invest in operational excellence throughout the organization. We are addressing operational excellence through continuous process improvement, customer service and technology modernisation. Our Company is certified in Japanese management techniques such as 5S and Total Productive Maintenance (“TPM”) and these techniques are utilised in implementing various cost cutting measures, upgrading of skills of our manpower for achieving higher efficiency and output. Further, we intend to keep investing in such initiatives for improving our operational efficiency.

- **Strengthening our global presence**

Through a combination of increased capacities, reduced costs, wider range of products adhering to global standards, marketing initiatives, competitive pricing, and more efficient use of resources, we intend to strengthen our global presence and become a key supplier of yarn and fabric in international markets. For the half year ended September 30, 2022, Fiscal 2022 and Fiscal 2021, export of our products accounted for approximately 37%, 32% and 29% of total revenue from operations, respectively. We export fabric to various international markets i.e., Germany, Japan, Taiwan, Vietnam, South Korea, Sri Lanka and USA.

LOCATION OF OUR BUSINESS

- **Registered Office**

Our registered office is located at Rajapalayam Mills Premises, Post Office Box No. 1, PAC Ramasamy Raja Salai, Rajapalayam – 626 117, Tamil Nadu. The land on which our registered office situated is a free hold property owned by our Company.

- **Properties**

Our properties are located at below mentioned addresses:

| Sr. No. | Address | Description | Purpose for which the property is utilised | Property Type |
|---------|--|--|--|---------------|
| 1. | Survey No. SFNO. 244 to 247 and 250 to 253, Door No. / Plot No. D.NO.210, Samusigapuram Road, Rajapalayam, Rajapalayam Taluk, Virudhunagar District – 626117, Tamil Nadu. | Rajapalayam Mills Limited (A, B and C Unit) | Manufacturing of Cotton yarn | Owned |
| 2. | Survey No. 250/2, Samusigapuram Road, Rajapalayam, Rajapalayam Taluk, Virudhunagar District – 626117, Tamil Nadu. | Rajapalayam Spintext (A division of Rajapalayam Mills Limited) | Manufacturing of Cotton yarn | Owned |
| 3. | Survey No. 341, 342/2, 347/1, 348/10, 349/1, 350/1, 4, 5A, 5B, 5C, 5D, 5E, Door No. / Plot No. 341, 342/2, 347/1, 348/10, 349/1, 350/1, 4, 5A, 5B, 5C, 5D, 5E, Perumalpatti, Sankarankovil, Thirunelveli, Sankarankovil – Tik Taluk, Thirunelveli District – 627753, Tamil Nadu. | Rajapalayam Textiles (A division of Rajapalayam Mills Limited) | Manufacturing of Cotton yarn | Owned |
| 4. | Survey No. 4 and 5, Ward-J, Andalpuram, K.R. Nagar post, Rajapalayam, Rajapalayam | Rajapalayam Mills Limited (D Unit) | Manufacturing of Cotton yarn | Owned |

| Sr. No. | Address | Description | Purpose for which the property is utilised | Property Type |
|---------|---|---|---|---------------------------------|
| | Taluk, Virudhunagar District – 626108, Tamil Nadu. | | | |
| 5. | Survey No.: S. Nos: 58/4P, Ward I, Block No. 13, SF 291, 292, 293, 297P, 298/2P, 298/3A, 298/3BP, 299/3A, 299/3B, 299/3C, 299/3D, 299/3EP, 300/2 P, 300/3P, 305/2AP and 305/2BP, P.A.C. Ramasamy Raja Salai, Post Box No. 1, Rajapalayam, Rajapalayam Taluk, Virudhunagar District – 626117, Tamil Nadu.* | Rajapalayam Mills Limited - Fabric Division | Manufacturing of Fabric | Partly Owned and partly leased* |
| 6. | Survey No. 16 & 65, Gopinenipalem Village, Vatsavai Mandal, Krishna District – 521190, Andhra Pradesh. | Rajapalayam Mills Limited | # | Owned |
| 7. | Survey No. 4/10A2, 5, 8/1B, 8/2, 7/1, 7/3, 7/5,7/6, Ward J, Block 5, T.S.No.5 Rajapalayam Municipality, Virudhunagar District, Tamil Nadu. | Rajapalayam Mills Limited - Fabric Division | Expansion by installing 166 looms for manufacturing of fabric | Owned |
| 8. | Survey No. 299/3A, 299/3B, 299/3C, 299/3D, 305/2B, 300/3, 298/1, 298/2, 298/3A, 298/3B, 297, 292, Samusigapuram Village, Rajapalayam, Virudhunagar District, Tamil Nadu. | Rajapalayam Mills Limited - Fabric Division | New processing unit for manufacturing of fabric | Owned |
| 9. | Survey No. 299/3E, 299/3F, 300/1, 300/2, 305/2A Samusigapuram Village, Rajapalayam, Virudhunagar District, Tamil Nadu. | Rajapalayam Mills Limited - Fabric Division | New processing unit for manufacturing of fabric | Partly Owned and partly leased* |

*Our Company has also taken on lease land situated at S. No. 297, 298/1 & 298/2, 298/3A, 298/3B, 298/3C, 299, 299/3A, 299/3B, 299/3C, 299/3D, 299/3E, 299/3F, 300, 300/2P, 200/3P, 305, 305/2AP and 305/2BP at Rajapalayam Taluk, in Virudhunagar District Tamil Nadu. The said lease is taken from Sandhya Spinning Mills Limited for a period of 99 years and is valid till April 30, 2117.

#Presently no manufacturing activity is carried out.

Further, we also own the lands on which our windmills are situated.

DETAILS OF EXISTING PLANT, MACHINERY, TECHNOLOGY AND PROCESS:

A. Division: Spinning

(i) Process: Ring Spinning

| Name of the Division | No. of Machine | Spindle Capacity | Make / Year |
|---------------------------|----------------|------------------|-------------------|
| Rajapalayam Mills Limited | 14 | 18,144 | KTTM / 2021 |
| | 22 | 26,400 | LMW / 2018-19 |
| | 14 | 24,192 | LMW / 2005-06 |
| | 60 | 27,584 | LMW / Before 2000 |
| Rajapalayam Spintext | 15 | 17,760 | Rieter / 2008 |
| | 1 | 336 | KTTM / 2003 |
| | 2 | 1,920 | Rieter / 2002 |
| | 2 | 2,016 | KTTM / 1999 |
| | 12 | 11,520 | Howa / 1991 |
| Rajapalayam Textiles | 3 | 4,032 | KTTM / 2013 |
| | 11 | 13,056 | KTTM /2005-06 |

| Name of the Division | No. of Machine | Spindle Capacity | Make / Year |
|----------------------|----------------|------------------|---------------|
| | 2 | 2,016 | Rieter / 2006 |
| | 1 | 1,200 | Rieter / 2011 |
| | 2 | 1,632 | Rieter / 1998 |
| Total | | 1,51,808 | |

(ii) Process: Open End Spinning

| Name of the Division | No. of Machine | Rotor Capacity | Make / Year |
|---------------------------|----------------|----------------|-------------------|
| Rajapalayam Mills Limited | 6 | 2,736 | Saurer / 2021 |
| | 1 | 224 | Schlashorst /2008 |
| Total | | 2,960 | |

We use blow room, bale plucker machines, contamination detector machines, carding machines, combing machines, ring spinning machines, open end spinning machines etc. to manufacture yarns and mercerization machines to manufacture mercerised yarn. Further, in our fabric division, we have dyeing machines, warping machines, sizing machines and looms which are utilised to manufacture fabrics.

EXISTING INSTALLED CAPACITY

Our existing manufacturing facilities include spinning units and a fabric unit with various machineries for different processes like mixing, blowing, carding, combing, drawing, spinning, mercerisation etc. The details of the existing capacity of the spinning units and the fabric unit are given below:

| Type | Installed Capacity | | Capacity Utilisation (%) | | |
|--------------------------------|--------------------------|-------------------|--------------------------|------------------------------|-----------------------|
| | As on September 30, 2022 | Fiscal 2022 | Fiscal 2022 | September 30, 2022 (approx.) | Fiscal 2022 (approx.) |
| Yarn – Ring Spinning | 1,51,808 spindles | 1,49,216 spindles | 75.09 lakh kilograms | 97% | 95% |
| Yarn – Open End Rotor Spinning | 2,960 rotors | 2,960 rotors | 61.27 lakh kilograms | 98% | 94% |
| Fabric | 154 looms | 146 looms | 78.95 lakh meters | 93% | 87% |

PRODUCTS MANUFACTURED

i. Yarn

Our Company is engaged in the business of manufacturing yarns and fabrics. We produce yarns from cotton, lenzing modal, micro modal, tencel and micro tencel fibres. We are using high quality indian cottons including “SUVIN” and imported cottons like Pima, Giza, Australia, Ultima, Acala etc. We are supplying yarn made out of certified organic cotton and BCI cottons. We are also focusing on producing various value-added products like TFO yarn two and three ply, Gassed yarn, Melange yarn, Mercerised yarn, Amsler slub yarn, Multi Count yarn and Twist yarn, Core Spun yarn, Elitwist yarn and yarn in soft package. The different types of yarns manufactured by our Company and their respective count ranges are listed below:

| Yarn Type | Count Range |
|-----------------|-----------------|
| Open End Yarn | 6s to 24s |
| Ring Yarn | 20s to 80s |
| Compact Yarn | 30s to 345s |
| Elitwist Yarn | 2/40s to 2/200s |
| High Twist Yarn | 30s to 2/140s |

| Yarn Type | Count Range |
|--------------------------------------|--------------------|
| TFO Yarn | 2/30s to 3/345s |
| Mercerised Yarn | 30s to 2/160s |
| Gassed Yarn | 2/30s to 3/355s |
| Slub Multicount Yarn | 20s to 80s |
| Yarn in soft package (ready for dye) | 30s to 2/120s |
| Melange Yarn | 20s to 100s |
| Core Spun Yarn | 16s to 80s |
| Model Tencel Yarn | 20s to 80s |
| Organic Cotton Yarn | 20s to 80s |
| Dyed Yarn | 30s to 3/300s |

ii. Fabric

The details of fabric manufactured by our company is mentioned below:

| Types of Looms Used for Production | Fabric Use |
|---|---|
| Airjet Looms | Shirting / Suiting with Dobby Weave Shirting with Plain / Twill / Satin Weaves |
| Rapier Looms | Shirting with Dobby Weave Stretch Fabric, Seer Sucker |
| Jacquard Looms | African Damask / Reversible Jacquard |

NATURE OF PRODUCTS & ITS USE AND COUNTRY OF EXPORTS

Our company is engaged in manufacturing yarn and fabric. Yarn is also used as raw material in manufacturing fabric. Our fabric is further used as raw material in manufacturing garments and apparels. We also export yarn to various international markets i.e., Bangladesh, Croatia, Czech Republic, Egypt, Germany, Italy, Japan, Portugal, South Korea, Spain, Srilanka, Taiwan, Thailand, Turkey, United Arab Emirates, and Vietnam. Further, we also export fabric to countries i.e., Germany, Japan, Taiwan, Vietnam, Italy, South Korea and Sri Lanka.

MARKETING

Our Company has been producing yarns since year 1938. Over the years, we have established a strong customer base. Our Company has sufficient marketing expertise and marketing network across India and international markets. As on September 30, 2022, we have a total of 90 marketing agents out of which 76 are located in India and the rest spread across Bangladesh, Egypt, Germany, Indonesia, Japan, Portugal, Switzerland, South Korea, Taiwan and Turkey, where we market our products to fabric and garment manufacturers.

MANUFACTURING PROCESS - EXISTING

a. For Yarn

Mixing: In the mixing department pre-calculated quantities of different varieties of cotton are blended together to make a particular count.

Blowing: Blowing is the process of cleaning mixed cotton. Trash, short fibers, dust, and other foreign matters like seed coats etc. are removed during the blowing process. At this stage, the cotton bale is converted into a cylindrical lap (Lap) of 40-inch width.

Carding: After blowing stage, the laps are fed to the carding machines. The lap from the blow room is fed at the back of the card. The card has two major trash cleaning points namely, licker-in and cylinder and flats. The licker-in eliminates motes, short fibers, seed particles, etc. The pre-cleaned cotton tufts are then carded and the fibers are individualized by the slow moving flats and high speed cylinder. The carded fibers are then collected through a trumpet. The lap at this stage gets converted to a sliver.

Combing: Combing is done to improve the mean fiber length, lustre, strength, and evenness of yarn. After carding, 20 card slivers are doubled to form a sheet of sliver lap. This is prepared by the sliver lap machine. Six sliver laps are again doubled in a ribbon lap machine for a homogeneous lap. Comber machines extract certain percentage of short fibers from the homogeneous lap and the resultant sheet of lap becomes a combed sliver. The Combed sliver is even.

Drawing: The Combed slivers are fed to drawing machine. This machine mainly parallelizes the combed sliver fiber.

Simplex: The gradual reduction of linear density and twist imparted to withstand the stretch during spinning is carried out at this stage by using the Simplex machines. The drawing / combed sliver gets drafted by the four pairs of fluted rollers and synthetic top rollers, running at different speeds to make a bobbin.

Spinning: Simplex bobbins are reeled in spinning frame. The roving is drafted and twisted by a pair of 3 top rollers over 3 fluted rollers and by a ring and traveller respectively. The twisted yarn is then wound into plastic bobbins. The net yarn content in a bobbin weighs approximately 70 grams.

The spun yarn is sold in two forms namely, Single Yarn Cone and Double Yarn Cone. For producing Double Yarn Cone, the spun yarn is further processed through Assembly Winding Machines and Two-for-One Twister machines.

b. For Greige Fabric

The yarn manufactured by the Company is used as a raw material for manufacturing our fabric. The fabric manufacturing process includes the following operations:

Warping - Warping is the process of combining yarns from different cones together to form a sheet. Warping is done to achieve low end breakage rate during weaving process. We undertake direct warping process for grey yarn count ranging from 10/1 to 70/1 for fabric production. In this process the pressure and density of the combined yarns are controlled to achieve maximum performance during sizing and weaving process. Further, for dyed yarn we undertake sectional warping.

Sizing - The sizing is a preparatory process of weaving which comes after warping. After warping, the warp yarn is sized in sizing machines. Sizing is the process of giving a protective coating on the warp yarn to minimize yarn breakage during weaving. Sizing is essential for weaving fabric from single spun yarn.

Weaving - In the weaving process, the warp yarn and the weft yarn are interlaced together to make a fabric.

MANUFACTURING PROCESS – PROPOSED

a. For Finished Fabric

Singeing/Desizing - Singeing is a process applied to both yarns and fabrics to produce an even surface by burning off projecting fibres, yarn ends and fuzz. This is accomplished by passing the fibre or yarn over a gas flame or heated copper plates at a speed sufficient to burn away the protruding material without scorching or burning the yarn or fabric. Desizing is the process of removing the size material from warp yarns after a textile fabric is woven.

Washing/Mercerizing - Mercerization is a process in which textiles are treated with a caustic solution to improve fabric properties such as fiber strength, shrink- age resistance, luster, strong and stable. Washing is a technology which is used to modify the appearance, size, outlook, comfort ability and design of garments.

Bleaching/Dyeing - Bleaching is a process to make the fabric or yarn look brighter and whiter. Dyeing is a process of applying coloring matter directly on fiber without any additives.

Chemical Finishing at Stenter - A stenter is a specialist oven used in the textile industry for drying and heat-treating fabric after wet processing.

Mechanical Finishes Calendering/Sueding/Brushing - Calendering is a process whereby fabric is compressed by passing it between two or more rollers under controlled conditions of time, temperature, and pressure to alter its handle, surface texture and appearance. Sueding is a mechanical finishing process in which a fabric is abraded on one or both sides to raise or create a fibrous surface. Brushing is used to remove loose threads and short fibre ends from smooth-surfaced fabrics and is also used to raise a nap on knits and woven fabrics.

Sanforising - It is a treatment carried out to increase the dimensional stability of the fabric when washing or to prevent the fabrics from shrinking during washing.

OUR CUSTOMERS

We market and sell our products to fabric and garment manufacturers, Traders and Over the Counter Branches in domestic as well as international markets.

MANPOWER

Textile industry is a labour-intensive industry and as of September 30, 2022, we employ 4,491 employees across various divisions.

COMPETITION

The industry in which we operate is highly competitive. The organized players in the industry compete by providing high-quality value-added products. We believe the principal elements of competition in textile industry are price, consistent quality of yarn and fabric, timely delivery, and reliability. We compete against our competitors by leveraging our goodwill and establishing ourselves as a manufacturer of quality yarns and fabric. For these purposes, we use the latest technology and machinery to provide our clients with a variety of quality value added yarns and fabrics.

OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE

Our Board of Directors

As on the date of this Letter of Offer, our Company has 11 (eleven) Directors on our Board, comprising of 1(one) Managing Director, 4 (four) Non-Executive, 6 (six) are Independent Directors including 1 (one) 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.

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

| Sr. No. | Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth | Age (in years) | Other Directorships |
|---------|---|----------------|---|
| 1. | <p>P R Venketrama Raja</p> <p>Address: No.142, Santhome High Road, Raja Annamalaipuram, Chennai, Tamil Nadu - 600 028.</p> <p>Designation: Chairman (Non- Executive Director)</p> <p>Occupation: Industrialist</p> <p>DIN: 00331406</p> <p>Current Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since April 25, 1986</p> <p>Date of Birth: May 14, 1959</p> | 63 | <ul style="list-style-type: none"> i The Ramco Cements Limited; ii Ramco Systems Limited; iii Ramco Industries Limited; iv The Ramaraju Surgical Cotton Mills Limited; v Sri Vishnu Shankar Mills Limited; vi Sandhya Spinning Mill Limited; vii Sri Sandhya Farms (India) Private Limited; viii RCDC Securities and Investments Private Limited; ix Nirmala Shankar Farms & Estates Private Limited; x Ram Sandhya Farms Private Limited; xi Rajapalayam Textile Limited; xii Ramamandiram Agricultural Estate Private Limited; xiii Lynks Logistics Limited; xiv Ramamandiram Management Consultancy Private Limited; xv Ramco Management Private Limited; and xvi Rajapalayam Chamber of Commerce and Industry |
| 2. | <p>P V Nirmala Raju</p> <p>Address: No.142, Santhome High Road, Raja Annamalaipuram, Chennai, Tamil Nadu - 600 028.</p> <p>Designation: Managing Director</p> <p>Occupation: Industrialist</p> <p>DIN: 00474960</p> <p>Current Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since April 24, 2019</p> <p>Date of Birth: February 2, 1966</p> | 56 | <ul style="list-style-type: none"> i Sandhya Spinning Mill Limited; ii Sound Investment and Leasing Private Limited; and iii TN Apex Skill Development Centre for Construction and Infrastructure |

| Sr. No. | Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth | Age (in years) | Other Directorships |
|---------|--|----------------|--|
| 3. | <p>Arrakundal Velayutha Raja Dharmakrishnan</p> <p>Address: Flat No.3A, Coral Reef Apartments, No.9, Cenotaph 1st Street, Teynampet, Chennai, Tamil Nadu - 600018</p> <p>Designation: Non-Executive Director</p> <p>Occupation: Professional (CEO, The Ramco Cements Limited)</p> <p>DIN: 00693181</p> <p>Current Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since January 16, 2008</p> <p>Date of Birth: January 25, 1957</p> | 65 | <ul style="list-style-type: none"> i Ramco Industrial and Technology Services Limited (formerly Ontime Industrial Services Limited); ii Ramco Systems Limited; iii Ramco Windfarms Limited; iv Madurai Trans Carrier Limited; v Shri Harini Media Limited; vi Lynks Logistics Limited; and vii L3 Enterprises Private Limited |
| 4. | <p>S. S. Ramachandra Raja</p> <p>Address: 6/58, P.S.K. Nagar, Rajapalayam, Virudhunagar, Kumarasamy Raja Nagar, Tamil Nadu, - 626 108</p> <p>Designation: Non-Executive Director</p> <p>Occupation: Industrialist</p> <p>DIN: 00331491</p> <p>Current Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since June 24, 1992</p> <p>Date of Birth: September 4, 1935</p> | 87 | <ul style="list-style-type: none"> i. Ramco Industries Limited; ii. Sri Vishnu Shankar Mills Limited; iii. Ramco Management Private Limited; iv. Sri Sethu Ramasamy Farms Private Limited; v. Sudharsanam Investments Limited; and vi. Rajapalayam Chamber of Commerce and Industry |
| 5. | <p>P V Abinav Ramasubramaniam Raja</p> <p>Address: 142, Santhome High Road, Raja Annamalaipuram, Chennai, Tamil Nadu - 600 028.</p> <p>Designation: Non-Executive Director</p> <p>Occupation: Industrialist</p> <p>DIN: 07273249</p> <p>Current Term: Liable to retire by rotation</p> <p>Period of Directorship: Director since</p> | 29 | <ul style="list-style-type: none"> i Lynks Logistics Limited; ii Ramco Systems Limited; iii Ramco Industries Limited; iv Ramamandiram Management Consultancy Private Limited; v RCDC Securities and Investments Private Limited; and vi L3 Enterprises Private Limited |

| Sr.No. | Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth | Age (in years) | Other Directorships |
|--------|---|----------------|--|
| | February 11, 2017 | | |
| | Date of Birth: July 21, 1993 | | |
| 6. | N K Ramasuwami Raja Address: Sethu 1, PACR Salai, Alagai Nagar, Rajapalayam, Virudhunagar, Tamil Nadu-626108. Designation: Independent Director Occupation: Industrialist DIN: 00432698 Current Term: Five years with effect from April 1, 2019 up to March 31, 2024 Period of Directorship: Director since July 16, 1980 | 79 | i. Madras Chipboard Limited; ii. Sri Harini Textiles Limited; iii. Digvijai Polytex Private Limited; iv. Ramco Agencies Private Limited; and v. Rajapalayam Chamber of Commerce and Industry |
| | Date of Birth: June 10, 1943 | | |
| 7. | P. P. S. Janarthana Raja Address: Flat Gb, 7/13, Ponmari Towers, Montieth Lane, Near Hotel Ambassador Pallava, Egmore, Chennai, Tamil Nadu – 600 008 Designation: Independent Director Occupation: Legal Professional & Retired Judge of High Court DIN: 06702871 Current Term: Five years with effect from April 1, 2019 up to March 31, 2024 Period of Directorship: Director since October 28, 2013 | 71 | i. The Ramaraju Surgical Cotton Mills Limited; ii. Ramco Systems Limited; iii. Lynks Logistics Limited; and iv. Muthialpet Higher Secondary School |
| | Date of Birth: January 21, 1951 | | |
| 8. | Vaidyanathan Santhanaraman Address: New No.6, Old No.14, Sridevi Colony, Near 7th Avenue Titan Showroom, Ashok Nagar, Chennai 600 083. Designation: Independent Director Occupation: Professional & Ex-Banker | 73 | i. The Ramaraju Surgical Cotton Mills Limited; and ii. Ramco Industries Limited |

| Sr.No. | Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth | Age (in years) | Other Directorships |
|--------|---|----------------|---|
| | DIN: 00212334 | | |
| | Current Term: Five years with effect from April 1, 2019 up to March 31, 2024 | | |
| | Period of Directorship: Director since December 27, 2013 | | |
| | Date of Birth: August 6, 1949 | | |
| 9. | Kokku Bhaskara Nagendra Murthy Address: Flat No. 406, Luxor Heights, Plot No. 1, 2 & 3, Puppalaguda, Manikonda Post, Puppalaguda, K.V. Rangareddy, Telangana- 500 089. Designation: Independent Director Occupation: Professional & Ex-Banker DIN: 00359864 Current Term: Five years with effect from August 4, 2019 up to August 3, 2024 Period of Directorship: Director since August 4, 2014 Date of Birth: July 22, 1950 | 72 | i Sri Kannapiran Mills Limited; and ii JKR Enterprise Limited |
| 10. | Soundara Kumar Address: B2/5, Gem Nirmalyam, Kattabomman Street, Ganapathy, Coimbatore-641 006 Designation: Independent Director Occupation: Professional & Ex-Banker DIN: 01974515 Current Term: Five years with effect from August 27, 2020 up to August 26, 2025 Period of Directorship: Director since August 27, 2015 Date of Birth: August 15, 1954 | 68 | i Ramco Systems Limited; ii Shanthi Gears Limited; iii Sundaram Trustee Company Limited; iv Tamilnadu Newsprint & Papers Limited; v Bank of Baroda; and vi Carborundum Universal Limited |
| 11. | Alaghar Rajha P A S Address: New No.13, Old No.50, P.S.K. Nagar, Virudhanagar, Kumarasamy Raja Nagar – 626 108. | 46 | i Rajapalayam Textile Limited; ii Sri Vishnu Shankar Mills Limited; and iii Tirupathi Yarmtex Spinners Private Limited |

| Sr.No. | Name, Address, Designation, Occupation, DIN, Period of Directorship, Term, Nationality and Date of Birth | Age (in years) | Other Directorships |
|--------|--|----------------|---|
| | Designation: Independent Director | | iv The Ramaraju Surgical Cotton Mills Limited |
| | Occupation: Industrialist | | |
| | DIN: 00487312 | | |
| | Current Term: Five years with effect from February 11, 20 22 upto February 10, 2027 | | |
| | Period of Directorship: Director since February 11, 2017 | | |
| | Date of Birth: February 6, 1976 | | |

Confirmations

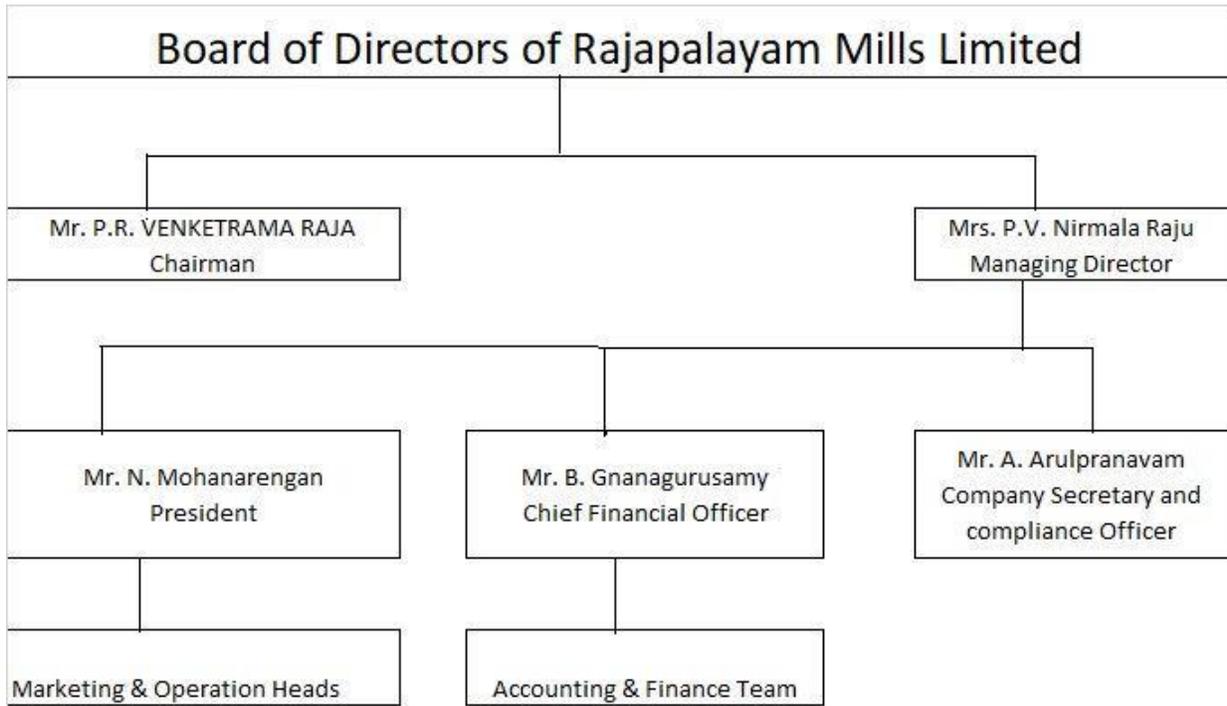
None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

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

Our Key Management Personnel and Senior Management Personnel

| Sr. No. | Name of key management personnel and senior management personnel | Designation |
|---------|--|---|
| 1. | P.V. Nirmala Raju | Appointed as Managing Director on June 1, 2022 |
| 2. | B Gnanagurusamy | Appointed as Chief Financial Offer on May 25, 2014 |
| 3. | A. Arulpranavam | Appointed as Company Secretary and Compliance Offer on June 1, 2014 |
| 4. | N. Mohanarengan | Appointed as President on January 1, 2022 |
| 5. | K. Murugesapillai | Appointed as Sr. Vice President-Fabrics on January 1, 2022 |

Current Organisational Structure



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

| Sr. No. | Particulars | Page No. |
|----------------|---|-----------------|
| 1. | Limited Review Interim Unaudited Consolidated Financial Statements for the six months period ended September 30, 2022 | F1 - F8 |
| 2. | Audited Consolidated Financial Statements as at and for the year March 31, 2022 | F9 - F106 |

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

**Review Report to the Board of Directors
RAJAPALAYAM MILLS LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited financial results of **RAJAPALAYAM MILLS LIMITED** ("The Company") and its share of net profit after tax and total comprehensive income of its associates for the quarter ended 30th September 2022 and year to date from 1st April, 2022 to 30th, September 2022 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'), read with Circular No. CIR/CFD/CMD1/44/2019 dated 29th March 2019 and Circular No. CIR/CFD/CMD1/80/2019 dated 19th July 2019.
2. This Statement which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 as amended read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing obligations and Disclosure Requirements) regulations, 2015 as amended, to the extent applicable.

4. The Statement includes the results of the following Associates:
 - a) The Ramco Cements Limited
 - b) Ramco Industries Limited
 - c) Ramco Systems Limited
5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying statements, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing

Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. The consolidated interim unaudited financial results includes the Company's share of net profit after tax of Rs. 216 Lakhs and Rs. 651 Lakhs and total comprehensive income of Rs. 254 Lakhs and Rs. 665 Lakhs for the quarter ended 30th September, 2022 and for the period from 1st April, 2022 to 30th September, 2022 respectively, as considered in the consolidated unaudited financial results in respect of one associate. The interim unaudited financial results have been reviewed by one of us as joint auditor and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the associate is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of these matters.
7. We did not review the interim unaudited financial results of Two associates included in the consolidated unaudited financial results, whose interim financial statements reflect the Company's share of net profit / (loss) after tax of Rs. (138 Lakhs) and Rs. 1,376 Lakhs and total comprehensive income / (loss) of Rs. (97 Lakhs) and Rs. 1,459 Lakhs for the quarter ended 30th September, 2022 and for the period from 1st April, 2022 to 30th September, 2022 respectively. These interim unaudited financial results have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these associates, is based solely on the reports of the management and the procedures performed by us as stated in paragraph 3 above. Our conclusion is not modified in respect of this matter.

For N.A. JAYARAMAN & Co.,
Chartered Accountants
Firm Regn. No 001310S

R. Palaniappan

R. Palaniappan
Partner
Membership No. 205112
UDIN: 22205112BBKPIW2634

Place: Chennai
Dated: 31st October 2022



For SRSV & Associates
Chartered Accountants
Firm Regn. No 015041S



V. Rajeswaran
V. Rajeswaran
Partner
Membership No. 020881
UDIN: 22020881BBKQHC6300



RAJAPALAYAM MILLS LIMITED
 Regd. Off : Rajapalayam Mills Premises,
 P.A.C. Ramasamy Raja Salai,
 Rajapalayam - 626 117, Tamil Nadu.
 CIN: L17111TN1936PLC002298
 Telephone No. 04563-235666, Fax No. 04563-236520
 E-Mail: rajacot@ramcotex.com, Website: www.rajapalayammills.co.in

STATEMENT OF UN-AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30TH SEPTEMBER, 2022

(₹ in Lakhs)

| Sl. No. | Particulars | Quarter ended | | | Half Year ended | | Year ended |
|---------|--|---------------|---------------|---------------|-----------------|---------------|---------------|
| | | 30-09-2022 | 30-06-2022 | 30-09-2021 | 30-09-2022 | 30-09-2021 | 31-03-2022 |
| | | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| 1 | Income | | | | | | |
| | a. Revenue from Operations | | | | | | |
| | Sale of Products | 21,522 | 20,014 | 16,729 | 41,536 | 30,141 | 67,877 |
| | Other Operating Income | 145 | 119 | 458 | 264 | 609 | 1,088 |
| | b. Other Income | 336 | 223 | 260 | 559 | 493 | 1,561 |
| | Total Income | 22,003 | 20,356 | 17,447 | 42,359 | 31,243 | 70,526 |
| 2 | Expenses | | | | | | |
| | a. Cost of Materials Consumed | 13,118 | 12,489 | 8,476 | 25,607 | 15,510 | 36,101 |
| | b. Purchases of Stock-in-Trade | 1,047 | 710 | 487 | 1,757 | 671 | 2,479 |
| | c. Change in Inventories of Finished Goods, Work in progress and Stock-in-Trade. | (2,699) | (3,628) | (315) | (6,327) | (1,433) | (4,187) |
| | d. Employee Benefit Expenses | 2,614 | 2,546 | 2,019 | 5,160 | 3,915 | 8,430 |
| | e. Finance Cost | 1,405 | 1,190 | 949 | 2,595 | 2,093 | 4,296 |
| | f. Depreciation and Amortisation Expenses | 1,428 | 1,383 | 1,254 | 2,811 | 2,468 | 5,048 |
| | g. Power & Fuel | 510 | 977 | 98 | 1,487 | 805 | 3,979 |
| | h. Other Expenditure | 3,225 | 3,148 | 2,418 | 6,373 | 4,152 | 9,301 |
| | Total Expenses | 20,648 | 18,815 | 15,386 | 39,463 | 28,181 | 65,447 |
| 3 | Profit / (Loss) from ordinary activities before exceptional items and tax (1-2) | 1,355 | 1,541 | 2,061 | 2,896 | 3,062 | 5,079 |
| 4 | Exceptional items (Note No.4) | (65) | 803 | (160) | 738 | (422) | 642 |
| 5 | Profit Before Tax (3 + 4) | 1,290 | 2,344 | 1,901 | 3,634 | 2,640 | 5,721 |
| 6 | Tax Expenses | | | | | | |
| | - Current Tax Expenses / (Savings) | (23) | 158 | 332 | 135 | 461 | 15 |
| | - Reversal of MAT Credit relating to earlier years due to adoption of New Tax Regime | - | - | - | - | - | 3,273 |
| | - Deferred Tax Expenses / (Savings) | 602 | 395 | 332 | 997 | 461 | 549 |
| | Total Tax Expenses / (Savings) | 579 | 553 | 664 | 1,132 | 922 | 3,837 |
| 7 | Net Profit / (Loss) for the period before share of profit of Associates (5-6) | 711 | 1,791 | 1,237 | 2,502 | 1,718 | 1,884 |
| 8 | Share of Net Profit of Associates, net of tax | 78 | 1,949 | 8,496 | 2,027 | 11,579 | 14,774 |
| 9 | Profit for the period (7+8) | 789 | 3,740 | 9,733 | 4,529 | 13,297 | 16,658 |
| 10 | Other Comprehensive Income, net of tax | 0 | (0) | (0) | 0 | (0) | 16 |
| 11 | Share of OCI of Associates, net of tax | 79 | 18 | 64 | 97 | 79 | (45) |
| 12 | Total Comprehensive Income after tax for the period (9+10+11) | 868 | 3,758 | 9,797 | 4,626 | 13,376 | 16,629 |
| 13 | Paid-up Equity Share Capital (Face Value of a Share ₹ 10/- each) | 859 | 859 | 859 | 859 | 859 | 859 |
| 14 | Other Equity | | | | 2,16,235 | 2,08,453 | 2,11,695 |
| 15 | Net Worth | | | | 2,17,094 | 2,09,312 | 2,12,554 |
| 16 | Basic & Diluted Earnings per share of ₹ 10/- each (in ₹) (Not Annualized) | 9 | 44 | 113 | 53 | 155 | 194 |



SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(₹ in Lakhs)

| Particulars | Quarter ended | | | Half Year ended | | Year ended |
|--|-----------------|--------------|--------------|-----------------|--------------|------------|
| | 30-09-2022 | 30-06-2022 | 30-09-2021 | 30-09-2022 | 30-09-2021 | 31-03-2022 |
| | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| 1. Segment Revenue | | | | | | |
| (Net Sales / Operating Income) | | | | | | |
| a) Textiles | 21,667 | 20,133 | 17,187 | 41,800 | 30,750 | 68,965 |
| b) Wind Mills | 1,683 | 1,248 | 1,941 | 2,931 | 3,037 | 3,927 |
| | 23,350 | 21,381 | 19,128 | 44,731 | 33,787 | 72,892 |
| Less: Inter Segment Revenue | 1,683 | 1,248 | 1,941 | 2,931 | 3,037 | 3,927 |
| Total Income From Operations (Net) | 21,667 | 20,133 | 17,187 | 41,800 | 30,750 | 68,965 |
| 2. Segment Results | | | | | | |
| Profit/(Loss) Before Finance Cost & Tax | | | | | | |
| a) Textiles | 1,440 | 1,882 | 1,571 | 3,322 | 3,013 | 6,834 |
| b) Wind Mills | 1,155 | 794 | 1,409 | 1,949 | 2,070 | 2,154 |
| c) Unallocated Items | 165 | 55 | 30 | 220 | 72 | 387 |
| d) Exceptional Items (Note No.4) | (65) | 803 | (160) | 738 | (422) | 642 |
| | 2,695 | 3,534 | 2,850 | 6,229 | 4,733 | 10,017 |
| Less: | | | | | | |
| Finance Cost - Unallocable Expenditure | 1,405 | 1,190 | 949 | 2,595 | 2,093 | 4,296 |
| Profit / (Loss) Before Tax | 1,290 | 2,344 | 1,901 | 3,634 | 2,640 | 5,721 |
| 3. Capital Employed | | | | | | |
| (Segment Assets (-) Segment Liabilities) | | | | | | |
| a) Textiles | 1,28,730 | 1,13,598 | 85,141 | 1,28,730 | 85,141 | 1,00,533 |
| b) Wind Mills | 4,923 | 5,028 | 5,320 | 4,923 | 5,320 | 5,112 |
| c) Unallocated Items | 83,441 | 97,686 | 1,18,851 | 83,441 | 1,18,851 | 1,06,909 |
| Total | 2,17,094 | 2,16,312 | 2,09,312 | 2,17,094 | 2,09,312 | 2,12,554 |



CONSOLIDATED UN-AUDITED STATEMENT OF ASSETS, EQUITY & LIABILITIES

(₹ In Lakhs)

| Particulars | AS AT | AS AT | AS AT |
|---|-----------------|-----------------|-----------------|
| | 30-09-2022 | 30-09-2021 | 31-03-2022 |
| | (Un-Audited) | (Un-Audited) | (Audited) |
| I ASSETS | | | |
| (1) NON-CURRENT ASSETS | | | |
| (a) Property, Plant and Equipment | 65,439 | 58,484 | 65,329 |
| (b) Capital Work-in-Progress | 9,967 | 3,110 | 3,708 |
| (c) Investment Property | 7 | 144 | 89 |
| (d) Intangible Assets | 603 | 267 | 620 |
| (e) Investment in Associates | 1,82,770 | 1,80,648 | 1,81,709 |
| (f) Financial Assets | | | |
| Other Investment | 162 | 2,641 | 2,661 |
| Loans | 2,370 | 950 | 1,650 |
| Other Financial Assets | 1,025 | 772 | 773 |
| (g) Other Non-Current Assets | 9,362 | 2,667 | 2,415 |
| NON CURRENT ASSETS (A) | 2,71,705 | 2,49,683 | 2,58,954 |
| (2) CURRENT ASSETS | | | |
| (a) Inventories | 34,134 | 16,369 | 24,909 |
| (b) Financial Assets | | | |
| Trade Receivables | 13,315 | 8,989 | 10,336 |
| Cash and Cash Equivalents | 107 | 142 | 148 |
| Bank Balance other than Cash and Cash Equivalents | 513 | 528 | 513 |
| Other Financial Assets | 482 | 479 | 724 |
| (c) Current Tax Assets | 20 | - | 240 |
| (d) Other Current Assets | 5,285 | 4,419 | 3,901 |
| CURRENT ASSETS (B) | 53,856 | 30,926 | 40,771 |
| ASSETS (A+B) | 3,25,561 | 2,80,609 | 2,99,725 |
| II EQUITY AND LIABILITIES | | | |
| (1) EQUITY | | | |
| (a) Equity Share Capital | 859 | 859 | 859 |
| (b) Other Equity | 2,16,235 | 2,08,453 | 2,11,695 |
| EQUITY (C) | 2,17,094 | 2,09,312 | 2,12,554 |
| (2) LIABILITIES | | | |
| (A) NON CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 41,269 | 29,398 | 31,163 |
| (ii) Lease Liabilities | 498 | - | 499 |
| (b) Deferred Tax Liabilities (Net) | 5,420 | 1,062 | 4,423 |
| NON CURRENT LIABILITIES (D) | 47,187 | 30,460 | 36,085 |
| (B) CURRENT LIABILITIES | | | |
| (a) Financial Liabilities | | | |
| Borrowings (*) | 54,674 | 34,929 | 43,026 |
| Lease Liabilities | 3 | - | 3 |
| Trade Payables | | | |
| (i) Total outstanding dues of micro enterprises and small enterprises | 78 | 51 | 261 |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises | 1,243 | 1,745 | 1,552 |
| Other Financial Liabilities | 2,508 | 2,053 | 3,836 |
| (b) Provisions | 2,774 | 1,771 | 2,408 |
| (c) Liabilities for Current Tax | - | 288 | - |
| CURRENT LIABILITIES (E) | 61,280 | 40,837 | 51,086 |
| EQUITY AND LIABILITIES (C+D+E) | 3,25,561 | 2,80,609 | 2,99,725 |
| (*) Include Current maturities of Long Term Borrowings | 8,513 | 8,982 | 9,475 |



CONSOLIDATED UN-AUDITED STATEMENT OF CASHFLOWS

(₹ in Lakhs)

| Particulars | 30-09-2022 | 30-09-2021 | 31-03-2022 |
|--|-------------------------|----------------|-----------------|
| | (Un-Audited) | (Un-Audited) | (Audited) |
| A . Cash flow from Operating Activities | | | |
| Profit before Tax and exceptional items | 2,896 | 3,062 | 5,079 |
| Adjustments to reconcile profit before tax to net cash flows: | | | |
| Depreciation & Amortisation | 2,811 | 2,468 | 5,048 |
| Finance Costs | 2,595 | 2,093 | 4,296 |
| Interest Income | (234) | (126) | (267) |
| Dividend Income | (93) | - | (225) |
| Rent Receipts from Investment Properties | - | - | (1) |
| Impairment allowance for trade receivables | - | - | 36 |
| Fair Value movement and Financial Guarantee obligation | 193 | 38 | 266 |
| Operating Profit before Working capital Changes | 8,168 | 7,535 | 14,232 |
| Movements in Working Capital | | | |
| Trade Receivables | (2,979) | (1,308) | (2,691) |
| Loans and Advances | (514) | (1,595) | (232) |
| Unutilised Tax Credit - Indirect Tax | (639) | (309) | (1,298) |
| Inventories | (9,224) | (3,382) | (11,923) |
| Trade Payables & Current Liabilities | 17 | 984 | 2,519 |
| Cash generated from Operations | (5,171) | 1,925 | 607 |
| Direct Taxes Paid (Net) | 15 | (174) | (256) |
| Net Cash generated from Operating Activities (A) | (5,156) | 1,751 | 351 |
| B. Cash Flow from Investing Activities : | | | |
| Purchase of Fixed Assets (Including Capital work-in-progress, Capital Advance and payable for Capital goods) | (18,683) | (9,471) | (18,868) |
| Government Grants received - related to acquisition of fixed assets | 815 | - | - |
| Inter-Corporate Loans (Given) / Received | (720) | - | (700) |
| Proceeds from Sale of Equity Shares of Associates | - | - | 3,447 |
| Proceeds from Redemption of Preference Shares | 2,500 | - | - |
| Proceeds from Sale of Assets | 970 | 348 | 446 |
| Interest Received | 234 | 126 | 267 |
| Dividend Received | 1,156 | 0 | 225 |
| Rent Receipts from Investment Properties | - | 0 | 1 |
| Net Cash used in Investing Activities (B) | (13,728) | (8,997) | (15,182) |
| C. Cash Flow from Financing Activities : | | | |
| Proceeds from Right Issue | - | 6,955 | 6,946 |
| Proceeds from Long Term Borrowings | 13,820 | 4,072 | 11,004 |
| Proceeds from / (Repayment) of Loans - Related Parties | (2,561) | (27) | 131 |
| Repayment of Long Term Borrowings | (4,675) | (3,322) | (7,923) |
| Availment of Short Term Borrowings (Net) | 14,942 | 1,808 | 9,117 |
| Payment of Principal portion of Lease Liabilities | (2) | - | (10) |
| Payment of Dividend including TDS on Dividend | (86) | (43) | (43) |
| Interest Paid | (2,595) | (2,093) | (4,296) |
| Net cash (Used) / Generated from Financing Activities (C) | 18,843 | 7,350 | 14,926 |
| Net Increase/ (Decrease) in Cash and Cash Equivalent | D = (A+B+C) (41) | 104 | 95 |
| Opening balance of Cash and Cash Equivalents | E 661 | 566 | 566 |
| Closing balance of Cash and Cash Equivalents | (D+E) 620 | 670 | 661 |

Notes:

- (i) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flow.
(ii) Bank Borrowings including Cash Credits are considered as Financing Activities.
(iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following:

(₹ in Lakhs)

| PARTICULARS | 30-09-2022 | 30-09-2021 | 31-03-2022 |
|---|------------|------------|------------|
| Cash and Cash Equivalents | 107 | 142 | 148 |
| Bank Balances other than Cash and Cash Equivalents | 513 | 528 | 513 |
| Cash and Bank Balances for Statements of Cash Flows | 620 | 670 | 661 |



Notes:

- 1) The above consolidated un-audited results were reviewed by the Audit Committee and approved by the Board of Directors at their respective Meetings held on 31-10-2022. The Statutory Auditors have carried out Limited Review of the above results.
- 2) The Consolidated financial results have been prepared in accordance with Ind AS 110 read with Ind AS 28. The consolidated results include the standalone results of parent Company (Rajapalayam Mills Limited) and its Associates viz., The Ramco Cement Limited, Ramco Industries Limited and Ramco Systems Limited.
- 3) Key standalone financial information:

(₹ in Lakhs)

| Particulars | Quarter ended | | | Half Year ended | | Year ended |
|---|---------------|--------------|--------------|-----------------|--------------|------------|
| | 30-09-2022 | 30-06-2022 | 30-09-2021 | 30-09-2022 | 30-09-2021 | 31-03-2022 |
| | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| Total Income | 23,065 | 20,356 | 17,447 | 43,421 | 31,243 | 70,526 |
| Net Profit before exceptional items and tax | 2,418 | 1,541 | 2,061 | 3,959 | 3,062 | 5,079 |
| Net Profit before tax | 2,353 | 2,344 | 1,901 | 4,697 | 2,640 | 7,666 |
| Net Profit after tax | 1,774 | 1,791 | 1,237 | 3,565 | 1,718 | 3,829 |

The standalone financial results of the Company are available on the Bombay Stock Exchange website www.bseindia.com and the Company's website www.rajapalayammills.co.in

- 4) Exceptional items represent the following:

(₹ in Lakhs)

| Particulars | Quarter ended | | | Half Year ended | | Year ended |
|--|---------------|--------------|--------------|-----------------|--------------|------------|
| | 30-09-2022 | 30-06-2022 | 30-09-2021 | 30-09-2022 | 30-09-2021 | 31-03-2022 |
| | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| Profit on Sale of Investment in the Equity Shares of Associates | - | - | - | - | - | 1,437 |
| Profit / (Loss) on Sale of Property, Plant & Equipment and Investment Property | (65) | 803 | (160) | 738 | (422) | (795) |
| Total | (65) | 803 | (160) | 738 | (422) | 642 |

- 5) Other Comprehensive income comprise of gain / loss on recognition and measurement of fair value of equity investment held in listed / unlisted entity except in associate Company and remeasurement gain / loss on defined benefit obligation for respective reporting periods. Figures for the Quarter ended September,2022 : ₹ 0.37 Lakhs and Quarter ended September,2021: ₹ 0.58 Lakhs shown as zero because of rounding off in ₹ Lakhs.
- 6) The Previous period figures have been re-grouped / re-stated wherever necessary to conform to current year classification.

RAJAPALAYAM
31-10-2022



For RAJAPALAYAM MILLS LIMITED,

P.R. Venketrana Raja
P.R. VENKETRAMA RAJA,
CHAIRMAN



EXTRACT OF UN-AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / HALF YEAR ENDED 30TH SEPTEMBER, 2022

| Sl. No. | Particulars | Quarter ended | | | Half Year ended | | (₹ in Lakhs) |
|--|---|---------------|--------------|--------------|-----------------|--------------|--------------|
| | | 30-09-2022 | 30-06-2022 | 30-09-2021 | 30-09-2022 | 30-09-2021 | Year ended |
| | | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| 1 | Total Income | 22,003 | 20,356 | 17,447 | 42,359 | 31,243 | 70,526 |
| 2 | Net Profit / (Loss) for the period before tax (Note No.3) | 1,290 | 2,344 | 1,901 | 3,634 | 2,640 | 5,721 |
| 3 | Net Profit for the period after tax (*) | 789 | 3,740 | 9,733 | 4,529 | 13,297 | 16,658 |
| 4 | Total Comprehensive Income for the period after tax (comprising Net Profit for the period after tax and Other Comprehensive Income after tax) | 868 | 3,758 | 9,797 | 4,626 | 13,376 | 16,629 |
| 5 | Paid-up Equity Share Capital | 859 | 859 | 859 | 859 | 859 | 859 |
| 6 | Other Equity | | | | 2,16,235 | 2,08,453 | 2,11,695 |
| 7 | Earning Per Share of ₹ 10/- each, (Not Annualised) (in ₹) | | | | | | |
| | Basic | 9 | 44 | 113 | 53 | 155 | 194 |
| | Diluted | 9 | 44 | 113 | 53 | 155 | 194 |
| (*) Includes Share of Net Profit of Associates, Net of Tax | | 78 | 1,949 | 8,496 | 2,027 | 11,579 | 14,774 |

Notes:

- The above is an extract of the detailed format of quarter ended / half year ended financial results that has been filed with the Stock Exchange under Regulation 33 of the SEBI (Listing and Other Disclosure Requirements) Regulations, 2015. The full format of quarter ended / half year ended financial results (Standalone and Consolidated) are available on the Company's website at www.rajapalayammills.co.in and on the website of the Bombay Stock Exchange www.bseindia.com.
- The above consolidated un-audited results were reviewed by the Audit Committee and approved by the Board of Directors at their respective Meetings held on 31-10-2022. The Statutory Auditors have carried out Limited Review of the above results.
- Net Profit / (Loss) for the period before tax includes exceptional items, which represent the following items:

| Particulars | Quarter ended | | | Half Year ended | | (₹ in Lakhs) |
|--|---------------|--------------|--------------|-----------------|--------------|--------------|
| | 30-09-2022 | 30-06-2022 | 30-09-2021 | 30-09-2022 | 30-09-2021 | Year ended |
| | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| Profit on Sale of Investment in the Equity Shares of Associates | - | - | - | - | - | 1,437 |
| Profit / (Loss) on Sale of Property, Plant & Equipment and Investment Property | (65) | 803 | (160) | 738 | (422) | (795) |
| Total | (65) | 803 | (160) | 738 | (422) | 642 |

4) Key standalone financial information:

| Particulars | Quarter ended | | | Half Year ended | | (₹ in Lakhs) |
|---|---------------|--------------|--------------|-----------------|--------------|--------------|
| | 30-09-2022 | 30-06-2022 | 30-09-2021 | 30-09-2022 | 30-09-2021 | Year ended |
| | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Un-Audited) | (Audited) |
| Total Income | 23,065 | 20,356 | 17,447 | 43,421 | 31,243 | 70,526 |
| Net Profit before exceptional items and tax | 2,418 | 1,541 | 2,061 | 3,959 | 3,062 | 5,079 |
| Net Profit before tax | 2,353 | 2,344 | 1,901 | 4,697 | 2,640 | 7,666 |
| Net Profit after tax | 1,774 | 1,791 | 1,237 | 3,565 | 1,718 | 3,829 |

- The Previous period figures have been re-grouped / re-stated wherever necessary to conform to current year classification.

RAJAPALAYAM
31-10-2022



For RAJAPALAYAM MILLS LIMITED,

P.R. Venketrana Raja
P.R. VENKETRAMA RAJA,
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s. **RAJAPALAYAM MILLS LIMITED**

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of **RAJAPALAYAM MILLS LIMITED** ("the Company") and the share of profits and total comprehensive income of its associates, comprising of the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 their consolidated state of affairs of the Company as at March 31, 2022, and the consolidated profit/loss, and its consolidated cash flows for the year ended and consolidated changes in the equity on that date.

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. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by Institute of Chartered Accountants of India, 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.

Emphasis of Matter

We draw attention to Note No. 57 to the Consolidated Financial Statements, which describes the uncertainties and the impact of the COVID-19 pandemic on the operations and results on financial results. The Management has assessed that there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| S. No. | Key Audit Matter | Auditor's Response |
|--------|---|---|
| 1 | <p>Recognition and measurement of deferred taxes</p> <p>The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the Income Tax Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS.</p> <p>Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results.</p> <p>We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts.</p> <p>Refer to Note No. 6 D (iv), (v), (vii) & 8 (iv) to the Consolidated Financial Statements)</p> | <p>Principal Audit Procedures</p> <p>The key matter was addressed by performing audit procedures which involved assessment of underlying process and evaluation of internal financial controls with respect to measurement of deferred tax and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Consolidated Financial Statements.</p> |
| 2 | <p>Evaluation of uncertain Tax Position / Other contingent liabilities</p> <p>The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices</p> | <p>Principal Audit Procedures</p> <p>The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We reviewed the significant litigations and claims and discussed with the Company's legal</p> |

| | | |
|---|---|---|
| | <p>and in considering precedents in various legal forums.</p> <p>(Refer to Note No. 6 O (i) to (iv) & 8 (vii) the Consolidated Financial Statements)</p> | <p>counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims. We also reviewed to relevant judgments and the opinions given by the company's advisers, which were relied on by the management for such claims.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Consolidated Financial Statements.</p> |
| 3 | <p>Existence and impairment of Trade Receivables</p> <p>Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business, the requirements of customers and various contract terms are in place, there is a risk that the carrying values may not reflect of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgement, in estimating impairment assessment of trade receivables, we have identified this as a key audit matter.</p> <p>(Refer to Note No. 8 (ix) to the Consolidated Financial Statements)</p> | <p>Principal Audit Procedures:</p> <p>We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of impairment on trade receivables requires judgement and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable.</p> <p>We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures.</p> <p>Furthermore we assessed the adequacy and appropriateness of the disclosures in the Consolidated Financial Statements.</p> |

Information Other than the Consolidated 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 auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

The Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated state of affairs, consolidated profit/loss including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Company including its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the each entity 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the Company and of its associates are responsible for assessing the ability of the Company and its

associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Company and its Associates are responsible for overseeing the financial reporting process of each entity.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated 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 financial controls 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 with reference to Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of Consolidated Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness this assumptions. 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 Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Company and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements 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 Consolidated Financial Statements.

We communicate with those charged with governance of company and such other entities included in the Consolidated Financial Statements of which we are independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The Consolidated Financial Statements include the Company's share of profit after tax of Rs. 14,774.07 Lakhs and total comprehensive income of Rs. 14,728.60 Lakhs for the year ended March 31, 2022 as considered in the Consolidated Audited Financial Statements in respect of all the three associates. The financial results / financial information of two associates have been audited by one of

us along with another joint auditor and one associate has been audited by an Independent Auditor, whose reports have been furnished to us by the management and our report on the Consolidated Financial Statements in so far as it relates to the amounts that have been derived from such audited financial statements is solely based on the reports of the other auditors.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is based on the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and its associates included in the Consolidated Financial Statements of the Company, to which reporting under CARO is applicable, we report that there are no qualifications or adverse remarks in these CARO reports.

As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- (d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company and the report of the statutory auditors of its associates incorporated in India, none of the Directors of the companies and its associates incorporated in India is disqualified as on March 31, 2022 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure", which is based on the auditor's reports of the company and its associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the

internal financial control over financial reporting of those companies, for reason stated there in.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended:

In our opinion and best of our information and according to the explanations given to us, the remuneration paid to the directors during the current year by the Company and its associates which are incorporated in India is in accordance with the provision of section 197 (16) of the Act. The remuneration paid to any director by the Company and its associates which are incorporated in India, is not in excess of limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

- (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, as amended;

In our opinion and to the best of our information and according to the explanations given to us:

- i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Company and its associates.
- ii. Provision has been made in the Consolidated Financial Statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate companies incorporated in India during the year ended March 31, 2022.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been 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) of Rule 11(e) of Companies (Audit and Auditors) Rules, 2014, as provide under (a) and (b) above, contain any material mis-statement.

- v. The dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act.

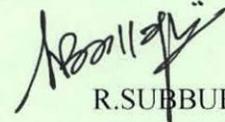
As stated in Note 59 to the Consolidated Financial Statements, the Board of Directors of the Company have proposed dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act.

For N.A. JAYARAMAN & CO.,
Chartered Accountants
Firm Registration Number: 001310S



R.PALANIAPPAN
Partner
Membership Number: 205112
UDIN: 22205112AJNWR1884

For S R S V & ASSOCIATES
Chartered Accountants
Firm Registration Number: 015041S



R.SUBBURAMAN
Partner
Membership Number: 020562
UDIN: 22020562AJNXIO5196

Rajapalayam
25th May, 2022

Annexure to the Independent Auditor's Report

Referred to in Paragraph (f) of Report on Other Legal and Regulatory Requirements of our Report of even date

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

In conjunction with our audit of the Consolidated Financial Statements of Rajapalayam Mills Limited (The Company) as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of the Company and its associate companies which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Company and its associate companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls 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 on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting with reference to financial statements of the Company and its associates which are incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note, issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. 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 was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system 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 auditor's 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 and the audit evidence obtained by the other auditors in terms of their reports and the information and explanation provided by the management 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 the 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 dispositions 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, based on the test checks conducted by us, the Company and its associate companies which are companies incorporated in India, have, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were prima facie operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements, in so far as it relates to the associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter.

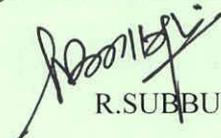
For N.A. JAYARAMAN & CO.,
Chartered Accountants
Firm Registration Number: 001310S



R.PALANIAPPAN
Partner
Membership Number: 205112
UDIN: 22205112AJNWRF1884

Rajapalayam
25th May, 2022

For S R S V & ASSOCIATES
Chartered Accountants
Firm Registration Number: 015041S



R.SUBBURAMAN
Partner
Membership Number: 020562
UDIN: 22020562AJNXIO5196

RAJAPALAYAM MILLS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31-03-2022

| | Note No | AS AT 31-03-2022 | | AS AT 31-03-2021 | |
|--|---------|---------------------|--------------------|---------------------|--------------------|
| | | Amount ₹ in Lakhs | | Amount ₹ in Lakhs | |
| I ASSETS | | | | | |
| (1) Non-Current Assets | | | | | |
| (a) Property, Plant and Equipment | 9 | 65,329.18 | | 55,775.36 | |
| (b) Capital Work-in-progress | 10 | 3,707.86 | | 1,013.69 | |
| (c) Investment Property | 11 | 88.75 | | 144.48 | |
| (d) Intangible Assets | 12 | 620.27 | | 291.78 | |
| (e) Investment in Associates | 13 | 1,81,709.06 | | 1,68,989.54 | |
| (f) Financial Assets | | | | | |
| <i>Other Investment</i> | 14 | 2,661.42 | | 2,640.49 | |
| <i>Loans</i> | 15 | 1,650.00 | | 950.00 | |
| <i>Other Financial Assets</i> | 16 | 773.28 | | 937.08 | |
| (g) Other Non-Current Assets | 17 | 2,415.45 | 2,58,955.27 | 1,085.37 | 2,31,827.79 |
| (2) Current Assets | | | | | |
| (a) Inventories | 18 | 24,909.33 | | 12,986.74 | |
| (b) Financial Assets | | | | | |
| <i>Trade Receivables</i> | 19 | 10,335.98 | | 7,681.04 | |
| <i>Cash and Cash Equivalents</i> | 20 | 147.99 | | 48.15 | |
| <i>Bank Balance other than Cash and Cash Equivalents</i> | 21 | 513.44 | | 517.87 | |
| <i>Other Financial Assets</i> | 22 | 723.85 | | 1627.16 | |
| (c) Current Tax Asset | 23 | 240.25 | | 124.47 | |
| (d) Other Current Assets | 24 | 3,901.13 | 40,771.97 | 2,353.13 | 25,338.56 |
| TOTAL ASSETS | | | 2,99,727.24 | | 2,57,166.35 |
| II EQUITY & LIABILITIES | | | | | |
| (1) Equity | | | | | |
| (a) Equity Share Capital | 25 | 858.94 | | 736.01 | |
| (b) Other Equity | 26 | 2,11,695.25 | | 1,88,286.91 | |
| Total Equity | | | 2,12,554.19 | | 1,89,022.92 |
| (2) Liabilities | | | | | |
| A) Non Current Liabilities | | | | | |
| (a) Financial Liabilities | | | | | |
| (i) <i>Borrowings</i> | 27 | 31,162.79 | | 30,182.87 | |
| (ii) <i>Lease Liabilities</i> | 28 | 499.39 | | - | |
| (b) Deferred Tax Liabilities (Net) | 29 | 4,423.21 | | 600.77 | |
| | | | 36,085.39 | | 30,783.64 |

RAJAPALAYAM MILLS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31-03-2022

| | Note No | AS AT 31-03-2022 | | AS AT 31-03-2021 | |
|---|-------------|---------------------|--------------------|---------------------|--------------------|
| | | Amount ₹ in Lakhs | | Amount ₹ in Lakhs | |
| B) Current Liabilities | | | | | |
| (a) Financial Liabilities | | | | | |
| (i) Borrowings | 30 | 43,025.97 | | 31,663.08 | |
| (ii) Lease Liabilities | 31 | 3.40 | | - | |
| (iii) Trade Payables | 32 | | | | |
| (a) Total outstanding dues of micro enterorises and small enterorises | | 261.25 | | 224.49 | |
| (b) Total outstanding dues of creditors other than micro enterorises and small enterorises | | 1,552.41 | | 1,231.35 | |
| (iv) Other Financial Liabilities | 33 | 3,836.27 | | 2,732.41 | |
| (b) Provisions | 34 | 2,408.36 | 51,087.66 | 1,508.46 | 37,359.79 |
| TOTAL EQUITY AND LIABILITIES | | | 2,99,727.24 | | 2,57,166.35 |
| Significant Accounting Policies, Judgements and Estimates See accompanying notes to the financial statements | 1-8 9-59 | | | | |

As per our report annexed

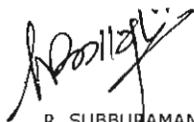
For N.A. Jayaraman & Co.
Chartered Accountants
Firm Registration No. 001310S



R. PALANIAPPAN
Partner
Membership No. 205112

Rajapalayam
25-05-2022

For SRSV & Associates,
Chartered Accountants
Firm Registration No. 015041S



R. SUBBURAMAN
Partner
Membership No. 020562

On behalf of the Board of Directors
For RAJAPALAYAM MILLS LIMITED



SHRI P.R. VENKETRAMA RAJA
Chairman



SMT. R. SUDARSANAM
Managing Director

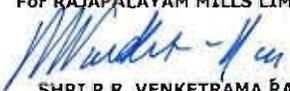


B. GNANAGURUSAMY
Chief Financial Officer



A. ARULPRANAVAM
Secretary

| RAJAPALAYAM MILLS LIMITED | | | | |
|--|--|----------------------------------|----------------------------------|-------------------|
| CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2022 | | | | |
| | Note No. | For the Year ended 31-03-2022 | For the Year ended 31-03-2021 | |
| | | Amount ₹ in Lakhs | Amount ₹ in Lakhs | |
| INCOME | | | | |
| I | Revenue from Operations | 35 | 68,965.47 | 41,184.44 |
| II | Finance Income | 36 | 266.71 | 290.97 |
| III | Other Income | 37 | 1,293.79 | 360.80 |
| IV | Total Income (I+II+III) | | 70,525.97 | 41,836.21 |
| V EXPENSES | | | | |
| | Cost of Materials Consumed | 38 | 36,101.32 | 19,158.32 |
| | Purchases of Stock-in-Trade | 39 | 2,478.83 | 684.12 |
| | Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress | 40 | (4,186.54) | 3,357.18 |
| | Employee Benefit Expenses | 41 | 8,429.77 | 5,724.01 |
| | Finance Costs | 42 | 4,295.82 | 4,448.33 |
| | Depreciation and Amortization Expense | 43 | 5,048.43 | 4,759.90 |
| | Other Expenses | 44 | 13,279.55 | 8,336.00 |
| | Total Expenses | | 65,447.18 | 46,467.86 |
| VI | Profit Before Exceptional Items and Tax (IV-V) | | 5,078.79 | (4,631.65) |
| VII | Exceptional Items [Refer to Note No. 57] | | | - |
| | Profit on Sale of Investment in Associates | | 1,437.81 | |
| | Loss on Sale of Property, Plant & Equipment and Investment Property | | (795.42) | 642.39 |
| | | | | (276.15) |
| VIII | Profit Before Tax (VI-VII) | | 5,721.18 | (4,907.80) |
| IX | Tax Expenses / (Savings) | 29 | | |
| | Current Tax | | 15.20 | - |
| | Withdrawal of MAT Credit relating to earlier years due to adoption of New Tax Regime | | 3,273.11 | - |
| | Deferred Tax Expenses / (Savings) | | 549.33 | (1,168.48) |
| | Total Tax Expenses | | 3,837.64 | (1,168.48) |
| X | Profit for the year before share of profit / (Loss) of Associates (VIII-IX) | | 1,883.54 | (3,739.32) |
| XI | Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method | | 14,774.07 | 13,857.80 |
| XII | Profit for the period (X+XI) | | 16,657.61 | 10,118.48 |

| RAJAPALAYAM MILLS LIMITED | | | |
|---|---|---|----------------------------------|
| CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2022 | | | |
| | Note No. | For the Year ended 31-03-2022 | For the Year ended 31-03-2021 |
| | | Amount ₹ in Lakhs | Amount ₹ in Lakhs |
| XIII Other Comprehensive Income | | | |
| <i>Item that will not be reclassified to Profit or Loss :</i> | | | |
| Remeasurement Losses on defined benefit obligations (net) | | (4.57) | 38.87 |
| Fair Value gain / (loss) on Equity Instruments through OCI (net) | | 20.93 | 33.82 |
| Current Tax | | - | - |
| Deferred Tax Expenses / (Savings) | | - | - |
| Other Comprehensive Income / (Loss) for the year, net of tax | | 16.36 | 72.69 |
| Share of OCI of Associates accounted for using the equity method | | (45.47) | 25.50 |
| Total Other Comprehensive Income / (Loss) for the year, net of tax | | (29.11) | 98.19 |
| XIV Total Comprehensive Income for the year, net of tax (XII+XIII) | | 16,628.50 | 10,216.67 |
| XV Earnings per Equity Share of face value of Rs. 10/- each | | | |
| Basic & Diluted (<i>in Rupees</i>) | | 194 | 137 |
| [Refer to Note No. 51] | | | |
| Significant Accounting Policies, Judgements and Estimates | 1-8 | | |
| See accompanying notes to the financial statements. | 9-59 | | |
| As per our report annexed | | On behalf of the Board of Directors For RAJAPALAYAM MILLS LIMITED | |
| For N.A. Jayaraman & Co. Chartered Accountants Firm Registration No. 001310S | For SRSV & Associates, Chartered Accountants Firm Registration No. 015041S |  SHRI P.R. VENKETRAMA RAJA Chairman | |
|  R. PALANTAPPAN Partner Membership No. 205112 |  R. SUBBRAMAN Partner Membership No. 020562 |  SMT. R. SUDARSANAM Managing Director | |
| Rajapalayam 25-05-2022 | |  B. GNANAGURUSAMY Chief Financial Officer | |
| | |  A. ARULPRANAVAM Secretary | |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR RAJAPALAYAM MILLS LIMITED FOR THE YEAR ENDED 31-03-2022

A. Equity Share Capital [Refer to Note No. 25]

₹ in Lakhs

(1) For the year ended 31-03-2022

| | |
|--|--------|
| Balance as at 01-04-2021 | 736.01 |
| Add: Shares allotted pursuant to exercise of Right Issue options | 122.93 |
| Less: Treasury Shares adjustment | - |
| Balance as at 31-03-2022 | 858.94 |

(2) For the year ended 31-03-2021

| | |
|---|--------|
| Balance as at 01-04-2020 | 736.01 |
| Changes in Equity Share Capital during the year 2020-21 | - |
| Less: Treasury Shares adjustment | - |
| Balance as at 31-03-2021 | 736.01 |

Note: Treasury Shares adjustment computed based on holding through fellow associates.

B. Other Equity [Refer to Note No. 26]

₹ in Lakhs

(1) For the year ended 31-03-2022

| Particulars | Reserves and Surplus | | | | | Items of OCI | | | Total Other Equity |
|---|----------------------|----------------------------------|------------------|------------------|-------------------|---------------------------|---|----------------------------|--------------------|
| | Capital Reserve | Capital Reserve on Consolidation | Security Premium | General Reserve | Retained Earnings | FVTOCI Equity Instruments | Remeasurements of Defined Benefit Obligations | Share of OCI of Associates | |
| Other Equity as at 01-04-2020 | 3.75 | 1,05,407.59 | 1,490.48 | 80,844.50 | 501.75 | 38.84 | - | - | 1,88,286.91 |
| Financial year 2021-22 | | | | | | | | | |
| Add: Profit for the year | | | | | 16,657.61 | | | | 16,657.61 |
| Add: Other Comprehensive Income | | | | | | 20.93 | (4.57) | (45.47) | (29.11) |
| Total Comprehensive Income | | | | | 16,657.61 | 20.93 | (4.57) | (45.47) | 16,628.50 |
| Add: Rights Issue Allotment during the year | | | 6,872.13 | | | | | | 6,872.13 |
| Less: Rights Issue Expenses | | | (49.26) | | | | | | (49.26) |
| Less: Dividend Distribution to Shareholders | | | | | (43.03) | | | | (43.03) |
| Transfer to Retained Earnings - sale / deemed sale of Investments in Associates | | (1,455.38) | | | 1,455.38 | | | | - |
| Less: Transfer to Retained Earnings | | | | | | | 4.57 | | 4.57 |
| Add: Transfer from OCI | | | | | (4.57) | | | | (4.57) |
| Add: Transfer to General Reserve | | | | | (631.79) | | | | (631.79) |
| Add: Transfer from Retained Earnings | | | | 631.79 | | | | | 631.79 |
| Balance as at 31st March 2022 | 3.75 | 1,03,952.21 | 8,313.35 | 81,476.20 | 17,935.35 | 59.77 | - | (45.47) | 2,11,695.25 |

(2) For the year ended 31-03-2021

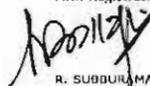
| Particulars | Reserves and Surplus | | | | | Items of OCI | | | Total Other Equity |
|---|----------------------|----------------------------------|------------------|------------------|-------------------|---------------------------|---|----------------------------|--------------------|
| | Capital Reserve | Capital Reserve on Consolidation | Security Premium | General Reserve | Retained Earnings | FVTOCI Equity Instruments | Remeasurements of Defined Benefit Obligations | Share of OCI of Associates | |
| Other Equity as at 01-04-2020 | 3.75 | 1,05,407.59 | 1,490.48 | 68,037.16 | 3,200.00 | 5.02 | - | - | 1,78,144.00 |
| Financial year 2020-21 | | | | | | | | | |
| Add: Profit for the year | | | | | 10,118.48 | | | | 10,118.48 |
| Add: Other Comprehensive Income | | | | | | 33.82 | 38.87 | 25.50 | 98.19 |
| Total Comprehensive Income | | | | | 10,118.48 | 33.82 | 38.87 | 25.50 | 10,216.67 |
| Less: Transfer to Retained Earnings | | | | | | | (38.87) | (25.50) | (64.37) |
| Less: Dividend Distribution to Shareholders | | | | | (73.76) | | | | (73.76) |
| Add: Transfer from OCI | | | | | 64.37 | | | | 64.37 |
| Add: Transfer to General Reserve | | | | | (12,807.34) | | | | (12,807.34) |
| Add: Transfer from Retained Earnings | | | | 12,807.34 | | | | | 12,807.34 |
| Other Equity as at 31st March 2021 | 3.75 | 1,05,407.59 | 1,490.48 | 80,844.50 | 501.75 | 38.84 | - | - | 1,88,286.91 |

As per our report annexed

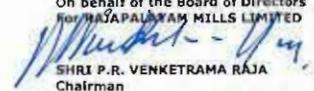
For N.A. Jayaraman & Co.
Chartered Accountants
Firm Registration No. 0013105


R. PALANIAPPAN
Partner
Membership No. 205112

For SRSV & Associates,
Chartered Accountants
Firm Registration No. 0150415


R. SUBBURAMAN
Partner
Membership No. 020562

On behalf of the Board of Directors
for RAJAPALAYAM MILLS LIMITED


SHRI P.R. VENKETRAMA RAJA
Chairman


SMT. R. SUDARSANAM
Managing Director


B. GNANAGURUSAMY
Chief Financial Officer


A. ARULPRANAVAM
Secretary

Rajapalayam
25-05-2022

RAJAPALAYAM MILLS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2022

| | | ₹ in Lakhs | |
|--|--------------------|---------------|---------------|
| | | 31-Mar-2022 | 31-Mar-2021 |
| Net Increase in Cash and Cash Equivalent | D = (A+B+C) | 95.41 | (73.46) |
| Opening balance of Cash and Cash Equivalents | E | 566.02 | 639.48 |
| Closing balance of Cash and Cash Equivalents | D + E | 661.43 | 566.02 |
| Notes: | | | |
| (i) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flow. | | | |
| (ii) Bank Borrowings including Cash Credits are considered as Financing Activities. | | | |
| (iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following: | | | |
| PARTICULARS | | 31-03-2022 | 31-03-2021 |
| Cash and Cash Equivalents [Refer to Note No.20] | | 147.99 | 48.15 |
| Bank Balances other than Cash and Cash Equivalents [Refer to Note No. 21] | | 513.44 | 517.87 |
| | | 661.43 | 566.02 |
| See accompanying notes to the financial statements [Refer to Note Nos. 9-59] | | | |

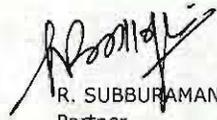
As per our report annexed

For N.A. Jayaraman & Co.
Chartered Accountants
Firm Registration No. 001310S



R. PALANIAPPAN
Partner
Membership No. 205112

For SRSV & Associates,
Chartered Accountants
Firm Registration No. 015041S



R. SUBBURAMAN
Partner
Membership No. 020562

On behalf of the Board of Directors
For RAJAPALAYAM MILLS LIMITED



SHRI P.R. VENKETRAMA RAJA
Chairman



SMT. R. SUDARSANAM
Managing Director



B. GNANAGURUSAMY
Chief Financial Officer



A. ARULPRANAVAM
Secretary

Rajapalayam
25-05-2022

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Rajapalayam Mills Limited is a Public Limited Company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1913. The Registered office of the Company is located at Rajapalayam Mills Premises, P.A.C.Ramasamy Raja Salai, Rajapalayam - 626 117, Tamil Nadu. The Company's shares are listed in BSE Limited.

The Company is principally engaged in manufacture of cotton yarn and fabrics. The Company is also engaged in generation of electricity from its windmills for its captive requirements.

The consolidated financial statements of the Company for the year ended 31-03-2022 were approved and adopted by Board of Directors of the Company in their meeting dated 25-05-2022.

2. Statement of Ind AS Compliance

The CFS are prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time, and presentation requirements of Division II of Ind AS compliant Schedule III to the Companies Act, 2013.

3. Basis of Preparation of Consolidated Financial Statements

- (i) The significant accounting policies used in preparing the financial statements are set out in Note No. 6.
- (ii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iii) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.
- (iv) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.
- (v) The CFS are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as ₹ 0.00 Lakhs.
- (vi) Pursuant to General Circular No.39/2014 dated 14-10-2014 issued by the Ministry of Corporate Affairs that the disclosures made already under the separate financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.

- (vii) The CFS comprises the financial statements of Rajapalayam Mills Limited and its Associate Companies. The following companies are considered as Associates based on existence of significant influence over such companies:

| Name of the Company | % of Holding & Voting Rights | |
|---------------------------|------------------------------|---------|
| | 2021-22 | 2020-21 |
| The Ramco Cements Limited | 13.81% | 14.02% |
| Ramco Industries Limited | 9.69% | 9.69% |
| Ramco Systems Limited | 2.38% | 2.39% |

- (viii) The above Companies are incorporated in India and financial statements of the respective Companies are drawn upto the same reporting date as that of the Company (i.e) 31-03-2022.

- (ix) Previous year figures have been regrouped / restated, wherever necessary and appropriate.

4. Principles of Consolidation

- a) The CFS includes the share of profit / loss of the Associate Companies that are accounted for using equity method in accordance with Ind AS 28. Accordingly, the share of profit / loss of the associates (the loss being restricted to the cost of investment) has been added / deducted from the cost of investment. The most recent available financial statements of the associates are used in applying the equity method.
- b) The Consolidated Statement of Profit and Loss reflects the share of results of its associates. Any change in OCI of those investees is presented as part of the Consolidated OCI.
- c) Under equity method of accounting, the investments are initially recognized at the fair value of net asset of Associate Companies from the date on which it becomes an associate and any difference between the cost of the investment and the Parent's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:
 - (i) Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is recognised directly in equity as capital reserve in the period in which the investment is acquired.
 - (ii) Subsequently, the carrying amount of investment is adjusted to recognize the share of post-acquisition profits or losses of its Associates in the Parent's Statement of Profit & Loss.
 - (iii) The equity method shall be discontinued from the date when the investment ceases to be an Associate and the retained interest shall be measured at fair value. The fair value of the retained interest shall be regarded as its fair value on initial recognition as a financial asset. The difference between the fair value of retained interest & any proceeds from disposing of a part interest in the Associate and the carrying amount of investment at the date the equity method was discontinued will be recognized in profit or loss.

- d) Dividend received or receivable from Associates are recognized as a reduction in the carrying amount of the Investment.
- e) Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated to the extent of the Company's interest in these entities unless the transaction provides evidence of an impairment of the asset transferred.
- f) At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired. If there is such evidence, the Company provides for impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognizes the loss as 'Share of profit of an associates' in the Statement of Profit & Loss.
- g) The CFS has been prepared using uniform accounting policies for like transactions and other events in similar circumstances and is presented, to the extent possible, in the same manner as the Company's separate financial statements.

5. Basis of Measurement

The consolidated financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer to Note No. 6(S) - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value.

6. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories are considered to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.
- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities but excluding borrowing cost or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs but excluding borrowing cost incurred in bringing the inventory to their present location and condition. Finished

goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

B. Statement of Cash Flows

- (i) Cash flows are presented using indirect method, whereby profit / (loss) before exceptional item and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.
- (ii) Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances with original maturity of less than 3 months, highly liquid investments that are readily convertible into cash, which are subject to insignificant risk of changes in value.
- (iii) Bank borrowings, including Bank overdrafts and Cash Credits are generally considered to be financing activities.

C. Dividend distribution to Equity Shareholders

Final dividend distribution to Shareholders is recognised in the period in which the dividends are approved by the Shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend together with applicable tax i.e. TDS are recognised directly in Equity.

D. Income Taxes

- (i) The Company has an irrevocable option of shifting to a lower tax rate (new tax regime) and simultaneously forgo certain tax incentives, deductions and accumulated MAT credit as per Section 115BAA in the Income Tax Act, 1961. In view of the overall tax benefits available under Section 115BAA, the Company, at the time of filing the Income Tax Return during February, 2022 for the Assessment Year 2021-22 (Financial Year 2020-21), has opted for shifting to lower tax regime.
- (ii) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.
- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.

- (iv) Deferred tax is recognised using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting at the reporting date. The Company has restated the net deferred tax liability as at 01-04-2021 in accordance with the reduced tax rates, in view of adoption of new tax regime.
- (v) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year where the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.
- (vi) Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by same governing tax laws and the Company has legally enforceable right to set off current tax assets against current tax liabilities.
- (vii) Both current tax and deferred tax relating to items recognised outside the Profit or Loss is recognised either in "Other Comprehensive Income" or directly in "Equity" as the case may be.

E. Property, Plant and Equipments (PPE)

- (i) PPEs are stated at cost of acquisition or construction less accumulated depreciation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.
- (ii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.
- (iii) Subsequent expenditures are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.
- (iv) Spares which meet the definition of PPE are capitalised from the date when it is available for use. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (v) The Company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised.

The cost of major of inspection / overhauling is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection / overhauling (as distinct from physical parts) is de-recognised.

- (vi) The present value of the expected cost for the decommissioning of PPE after its use, if materially significant, is included in the cost of the respective asset when the recognition criteria are met.
- (vii) Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the respective heads of accounts in the year in which it is incurred.
- (viii) The Company follows the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical advice, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

| Type of Plant and Machinery | Useful life of such components ranging from |
|---------------------------------|---|
| Textile Machineries / Equipment | 2 to 20 Years |
| Windmills | 22 to 30 Years |
| HFO & DG Sets | 12 to 25 Years |
| Electrical Machineries | 3 to 25 years |

- (x) PPE acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash transaction. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident.
- (x) PPEs are eliminated from the financial statements on disposal or when no further benefit is expected from its use or disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such assets, are recognised in the Statement of Profit and Loss. Amount received towards PPE that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (xi) Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life on a straight line method. The depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less 5% being its residual value.
- (xii) Depreciation for PPE on additions is calculated on pro-rata basis from the date of such additions. For deletion / disposals, the depreciation is calculated on pro-rata basis up to the date on which such assets have been discarded / sold.

- (xiii) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

F. Capital Work in progress / Capital Advances

- (i) Capital work in progress includes cost of property, plant and equipment under installation including related expenses and attributable interest as at the reporting date.
- (ii) Advances given towards acquisition / construction of PPE outstanding at the reporting date are disclosed as 'Capital Advances' under 'Other Non-Current Assets'.

G. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

- (i) The Company recognises a right-of-use asset and a lease liability at the lease commencement date for all leases whose non-cancellable leases is more than 12 months. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.
- (ii) The right-of-use (RoU) asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term as follows.

| Nature of RoU | Useful life ranging from |
|---------------|--------------------------|
| Land | 99 years |
| Building | 20 years |

- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain re-measurements of these liability.
- (iv) The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate

implicit in the lease or, if that rate cannot be readily determined, company's incremental borrowing rate.

- (v) Lease payments included in the measurement of the lease liability comprise the following:
 - (a) Fixed payments;
 - (b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
 - (c) Amount expected to be payable under a residual value guarantee; and
 - (d) The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.
- (vi) The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.
- (vii) When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the Statement of Profit or Loss if the carrying amount of the right-of-use asset has been reduced to zero.
- (viii) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities as a separate line item on face of the Balance sheet.
- (ix) The Company has opted not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a Lessor

The lease arrangements where the risks and rewards incidental to ownership of an asset substantially vests with the Lessor are recognised as operating lease. Operating lease receipts are recognised in the Statement of Profit and Loss on straight line basis over the lease terms except where the payments are structured to increase in line with the general inflation to compensate for the expected inflationary cost increases. The Company do not have any finance leases arrangements.

H. Revenue Recognition

(i) Revenue from Operations

a) Sale of products

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts over the credit periods as per Ind AS 115. The Company does not have any non-cash consideration.

b) Power generated from Windmills

Power generated from windmills that are covered under wheeling & banking arrangement with TANGEDCO are consumed at Mills. The monetary values of such power generated that are captively consumed are not recognised as revenue, but have been set off against the cost of Power & Fuel.

The value of unadjusted units available if any, at the end of the financial year and sold to the Electricity Board at an agreed rate / tariff rate are recognized and shown as income from Wind Mills.

c) Scrap sale

Scrap sales is recognized when the Company transfers control of the product to customers.

(ii) Other Income

a) Interest income is recognised using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period where appropriate, the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

b) Dividend income is recognised when the Company's right to receive dividend is established.

c) Rental income from operating lease on investment properties is recognised on a straight line basis over the term of the relevant lease.

I. Employee Benefits

- (i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.
- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary and dearness allowance. The Company has no further obligations.
- (iv) The Company also contributes for superannuation fund on an annual basis, a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto ₹ 1.50 Lakhs per annum is remitted to the Rajapalayam Mills Limited Officers' Superannuation Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.
- (v) The Company contributes to Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary and dearness allowance for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "Rajapalayam Mills Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the reporting date using Projected Unit Credit method.
- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method. The Company presents the entire compensated absences as "Short-term provisions" since employee has an unconditional right to avail the leave at any time during the year.
- (vii) Remeasurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

- (i) Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received and all the attached conditions are complied with.
- (ii) In case of revenue related grant, the income is recognised on a systematic basis over the period for which it is intended to compensate an expense and is disclosed under "Other Income" or netted off against corresponding expenses wherever appropriate. Receivables of such grants are shown under "Other Financial Assets".
- (iii) Government grants related to assets have been deducted in arriving all the carrying amount of the respective assets.
- (iv) Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same. Receivables of such benefits are shown under "Other Financial Assets".

K. Foreign currency transactions

- (i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.
- (ii) All transactions in foreign currency are recorded on initial recognition at their functional currency spot exchange rates prevailing on that date of transaction.
- (iii) Monetary assets and liabilities in foreign currencies outstanding at the reporting date are translated to the functional currency spot rates prevailing on the reporting date and the resultant gains or losses are recognised during the year in the Statement of Profit and Loss.
- (iv) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rates at the date of transaction. The date of transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from advance consideration. If there are multiple receipts of payments in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

L. Borrowing Costs

- (i) Borrowing cost include interest computed using Effective Interest Rate method, interest on lease liabilities, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount

of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

M. Earnings per Share

- (i) Earnings per Share is calculated by dividing the profit/(loss) attributable to equity shareholders by the weighted average number of equity shares.
- (ii) Where an item of income or expense which is otherwise required to be recognised in the Statement of Profit and Loss is debited or credited to Equity, the amount in respect thereof is suitably adjusted in Net profit for the purpose of computing Earnings per Share.
- (iii) The Company does not have any potential equity shares.

N. Impairment of Non-Financial Assets

- (i) The carrying values of assets including property, plant and equipment, investment properties, cash generating units and intangible assets are reviewed for impairment at each reporting date, if there is any indication of impairment based on internal and external factors.
- (ii) Non-financial assets are treated as impaired when the carrying amount of such asset exceeds its recoverable value. After recognition of impairment loss, the depreciation for the said assets is provided for remaining useful life based on the revised carrying amount, less its residual value if any, on straight line basis.
- (iii) An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.
- (iv) An impairment loss is reversed when there is an indication that the impairment loss may no longer exist or may have decreased.

O. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (ii) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used,

an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

- (iii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are not recognised.
- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

P. Intangible Assets

- (i) The costs of computer software acquired and its subsequent improvements are capitalised. Internally generated software is not capitalized and the expenditure is recognized in the Statement of Profit and Loss in the year in which the expenditure is incurred.
- (ii) The cost incurred for right to un-restricted usage of power transmission system for drawal of power from State grid to the mills were capitalized as it is expected to yield future economic benefits.
- (iii) Intangible Assets are carried at cost less accumulated depreciation and impairment losses, if any and are amortised over their estimated useful life based on straight line method. The estimated useful lives of intangible assets are assessed by the internal technical team as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

| Nature of Intangible Assets | Estimated useful life |
|-----------------------------|-----------------------|
| Computer Software | 6 years |
| Power Transmission System | 5 years |

- (iv) The intangible assets that are under development phase are carried at cost including related expenses and attributable interest, and are recognised as Intangible assets under development.
- (v) The residual values, useful lives and methods of amortisation of intangible asset are reviewed at each reporting date and adjusted prospectively, if appropriate.

Q. Investment Properties

- (i) An investment in land or buildings both furnished and unfurnished, which are held for earning rentals or capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business, are classified as investment properties.
- (ii) Investment properties are stated at cost, net of accumulated depreciation and impairment loss, if any except freehold land which is carried at cost.
- (iii) The Company identifies the significant parts of investment properties separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives determined on best estimate basis upon technical advice. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. Other expenses including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (iv) Depreciation on investment properties are calculated on straight-line method based on useful life of the significant parts as detailed below:

| Asset type | Useful life |
|---------------------------------------|-------------|
| Buildings under Investment properties | 60 years |

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use or disposal. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss. Amount received towards investment properties that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.
- (vi) The residual values, useful lives and methods of depreciation of investment properties are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

R. Operating Segments

Operating segments are identified on the basis of nature and usage of products and reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker. The Company's business operation comprises of two operating segment viz., Textile and Windmills.

S. Financial Instruments

- (i) A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- (ii) Financial assets and liabilities are offset and the net amount is presented in the Balance sheet when and only when the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.
- (iii) The Company initially determines the classification of financial assets and liabilities. After initial recognition, no re-classification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets / liabilities that are specifically designated as FVTPL. However, other financial assets are re-classifiable when there is a change in the business model of the Company. When the Company reclassifies the financial assets, such reclassifications are done prospectively from the first day of the immediately next reporting period. The Company does not restate any previously recognised gains, losses including impairment gains or losses or interest.

(iv) Fair Value Hedges

Changes in the fair value of forwards contracts that are designated and qualify as fair value hedges are recognized in the income statement, together with the changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedged item attributable to the hedged risk are no longer recognized in the income statement.

When a hedged item in a fair value hedge is a firm commitment (or a component thereof) to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the balance sheet, with a corresponding gain or loss recognized in Profit or Loss.

T. Financial Assets

- (i) Financial assets comprise of investments in equity, trade receivables, cash and cash equivalents and other financial assets.
- (ii) Depending on the business model (i.e) nature of transactions for managing those financial assets and its contractual cash flow characteristics, the financial assets are initially measured at fair value and subsequently measured and classified at:
 - a) Amortised cost; or
 - b) Fair value through other comprehensive income (FVTOCI); or
 - c) Fair value through profit or loss (FVTPL)

Amortised cost represents carrying amount on initial recognition at fair value plus or minus transaction cost.

- (iii) Financial assets are measured at FVTPL except for those financial assets whose contractual terms give rise to cash flows on specified dates that represents solely payments of principal and interest thereon, are measured as detailed below depending on the business model:

| Classification | Business Model |
|----------------|---|
| Amortised cost | The objective of the Company is to hold and collect the contractual cash flows till maturity. In other words, the Company does not intend to sell the instrument before its contractual maturity to realise its fair value changes. |
| FVTOCI | The objective of the Company is to collect its contractual cash flows and selling financial assets. |

- (iv) The Company has accounted for its investments in associates at cost. The Company has exercised an irrevocable option at time of initial recognition to measure the changes in fair value of other equity investments at FVTOCI. Accordingly, the Company classifies its financial assets for measurement as below:

| Classification | Name of Financial Assets |
|----------------|---|
| Amortised cost | Trade receivables, Loans and advances to employees and related parties, deposits, IPA receivable, interest receivable, unbilled revenue and other advances recoverable in cash or kind. |
| FVTOCI | Equity investments in companies other than Associate as an option exercised at the time of initial recognition. |
| FVTPL | Forward exchange contracts. |

- (v) Financial assets are derecognised (i.e) removed from the financial statements, when its contractual rights to the cash flows expire or upon transfer of the said assets. The Company also derecognises when it has an obligation to adjust the cash flows arising from the financial asset with third party and either upon transfer of:

- a significant risk and rewards of the financial asset, or
- b control of the financial asset

However, the Company continues to recognise the transferred financial asset and its associated liability to the extent of its continuing involvement, which are measured on the basis of retainment of its rights and obligations of financial asset.

- (vi) Upon derecognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognised in the Statement of Profit and Loss.

- (vi) For impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

| Name of Financial Asset | Impairment testing methodology |
|-------------------------|--|
| Trade receivables | Expected Credit Loss model (ECL) is applied. The ECL over lifetime of the assets are estimated by using a provision matrix which is based on historical loss rates reflecting current conditions and forecasts of future economic conditions which are grouped on the basis of similar credit characteristics such as nature of industry, customer segment, past due status and other factors that are relevant to estimate the expected cash loss from these assets. |
| Other Financial assets | When the credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. When there is significant change in credit risk since initial recognition, the impairment is measured based on probability of default over the life time. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12 month ECL. |

U. Financial Liabilities

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Lease Liabilities, Derivative financial instruments, Financial guarantee obligation and other financial liabilities.
- (ii) The Company measures its financial liabilities as below:

| Measurement basis | Name of Financial liabilities |
|-------------------|--|
| Amortised cost | Borrowings, Trade payables, Lease Liabilities, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading. |
| FVTPL | Foreign exchange Forward contracts being derivative contracts do not qualify for hedge accounting under Ind AS 109 and other financial liabilities held for trading. |

- (iii) Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Transaction cost of financial guarantee contracts that are directly attributable to the issuance of the guarantee are recognised initially as a liability at fair value. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.
- (iv) Financial liabilities are derecognised when and only when it is extinguished (i.e) when the obligation specified in the contract is discharged or cancelled or expired.
- (v) Upon derecognition of its financial liabilities or part thereof, the difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid including any non-cash assets transferred or liabilities assumed is recognised in the Statement of Profit and Loss.

V. Fair value measurement

- (i) 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.
- (ii) The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in the economic best interest.
- (iii) All assets and liabilities for which fair value is measured are disclosed in the financial statements are categorised within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:
 - Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities
 - Level 2: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement is directly or indirectly observable.
 - Level 3: Valuation techniques for which the lowest level inputs that are significant to the fair value measurement is unobservable.
- (iv) For assets and liabilities that are recognised in the Balance sheet on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation at the end of each reporting period (i.e) based on the lowest level input that is significant to the fair value measurement as a whole.

(v) For the purpose of fair value disclosures, the company has determined the classes of assets and liabilities based on the nature, characteristics and risks of the assets or liabilities and the level of the fair value hierarchy as explained above.

(vi) The basis for fair value determination for measurement and / or disclosure purposes is detailed below:

a) Investments in Equity

The fair value is determined by reference to their quoted prices at the reporting date. In the absence of the quoted price, the fair value of the equity is measured using valuation techniques.

b) Trade and other receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market rate of interest at the reporting date. However, the fair value generally approximates the carrying amount due to the short term nature of such assets.

c) Forward exchange contracts

The fair value of forward exchange contracts is based on the quoted price if available; otherwise it is estimated by discounting the difference between contractual forward price and current forward price for the residual maturity of the contract using government bond rates.

d) Non-derivative financial liabilities

The fair value of non-derivative financial liabilities viz, borrowings and lease liabilities are determined for disclosure purposes calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

e) Financial guarantee obligation

The fair value of financial guarantee obligation with reference to loan availed by associates is determined on the basis of estimated cost involved in securing equivalent size of the guarantees from bank.

f) Investment Properties

The fair value is determined for disclosure purposes based on an annual evaluation performed by an internal technical team measured using the technique of quoted prices for similar assets in the active markets and further moderated by market corroborated inputs.

7. Amendments to the existing accounting standards effective from 01-04-2021 onwards

The details of amendments to the existing standards that are relevant to the Company with effect from 01-04-2021 are given below:

(a) Conceptual framework for financial reporting under Ind AS issued by ICAI.

The Framework is not a standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is a choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The MCA has notified the Amendments to Ind AS, consequential to Conceptual Framework under Ind AS vide notification date 18-06-2021 applicable for annual periods beginning on or after 01-04-2021.

These amendments had no impact on the financial statements of the Company.

(b) Amendments to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of 'Recoverable amount' is amended such that the words 'the higher of an asset's fair value less costs to sell and its value in use' are replaced with 'higher of an asset's fair value less costs of disposal and its value in use'.

These amendments had no impact on the financial statements of the Company.

8. Significant Estimates and Judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could vary from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision or future periods, if the revision affects both current and future years.

Accordingly, the management has applied the following estimates / assumptions / judgements in preparation and presentation of financial statements:

(i) Revenue Recognition

Significant management judgement is exercised in determining the transaction price and discounts to customer which is based on market factors namely demand and supply. The Company offers credit period to customers and management judgement is exercised in assessing whether a contract contains a significant financing component.

(ii) Property, Plant and Equipment, Intangible Assets and Investment Properties

The residual values and estimated useful life of PPEs, Intangible Assets and Investment Properties are assessed by the technical team periodically including at each reporting date by taking into account the nature of asset, the estimated usage of the asset, the operating condition of the asset, past history of replacement and maintenance support. Upon review, the management accepts the assigned useful life and residual value for computation of depreciation / amortization. Also, management judgement is exercised for classifying the asset as investment properties or vice versa.

(iii) Current Taxes

Calculations of income taxes for the current period are done based on applicable tax laws and management's judgement by evaluating positions taken in tax returns and interpretations of relevant provisions of law and applicable judicial precedence.

(iv) Deferred Tax Asset

Significant management judgement is exercised by reviewing the deferred tax assets at each reporting date to determine the amount of deferred tax assets that can be retained / recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(v) Provisions

The timing of recognition requires application of judgement to existing facts and circumstances that may be subject to change. The litigations and claims to which the company is exposed are assessed by the management and in certain cases with the support of external experts. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability.

(vi) Segment Reporting

In the management opinion, the Company is engaged in the activity of manufacturing of textile products and generation of electricity through wind mills. Management's judgment is exercised to aggregate two or more business segments as single operating segment, based on economic characteristics, products, production process and types of customer, which are similar in nature.

(vii) Contingent Liabilities

Management judgement is exercised for estimating the possible outflow of resources, if any, in respect of contingencies / claims / litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(viii) Classification of Investment

Management judgement is exercised in determining the following criteria while making classification of investments:

- the intention of the Company to sell the investment immediately;
- the sale is highly probable;
- it is unlikely that significant change to the sale plan will be made and;
- that plan will not be withdrawn.

Based on this judgement, the investments are classified as "Investment held for sale", if all the above criteria are met and continue to classify the investment as "Non-current investment", if the above criteria are not met.

(ix) Impairment of Trade receivables

The impairment for trade receivables are done based on assumptions about risk of default and expected loss rates. The assumptions, selection of inputs for calculation of impairment are based on management judgement considering the past history, market conditions and forward looking estimates at the end of each reporting date.

(x) Impairment of Non-financial assets (PPE / Intangible Assets / Investment Properties)

The impairment of non-financial assets is determined based on estimation of recoverable amount of such assets. The assumptions used in computing the recoverable amount are based on management judgement considering the timing of future cash flows, discount rates and the risks specific to the asset.

(xi) Impairment of Investments in Associates

Significant management judgement is exercised in determining whether the investment in associates are impaired or not is on the basis of its nature of long term strategic investments and business projections.

(xii) Defined Benefit Plans and Other long term benefits

The cost of the defined benefit plan and other long term benefits, and the present value of such obligation are determined by the independent actuarial valuer. An actuarial valuation involves making various assumptions that may differ from actual developments in future. Management believes that the assumptions used by the actuary in determination of the discount rate, future salary increases, mortality rates and attrition rates are reasonable. Due to the complexities involved in the valuation and its long term nature, this obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(xiii) Determination of lease term of contracts as non-cancellable term

Significant management judgement is exercised in determining the lease term as non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised, by considering all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

(xiv) Fair value measurement of financial instruments / Firm Commitments

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model / Net Asset Value Method, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. In case of unrecognised firm commitments denominated in foreign currency, which also qualify as a hedged item, the fair value of such firm commitments outstanding at the reporting date are measured at functional currency based on the quoted price in the active market prevailing on the reporting date.

(xv) Interests in other entities

Significant management judgement is exercised in determining the interests in other entities. The management believes that wherever there is a significant influence over certain companies belonging to its group, such companies are treated as Associate companies even though it holds less than 20% of the voting rights.

* * *

Note No.9
Property, Plant and Equipment

| Particulars | Year | Gross block | | | | Depreciation | | | Net block | |
|--------------------------------|---------|---------------------------------|-----------|----------|---------------------------|---------------------------------|------------------------------------|---------------------------|---------------------------|---------------------------------|
| | | As at the beginning of the year | Additions | Sold | As at the end of the year | As at the beginning of the year | For the year [Refer to Note No.43] | Withdrawn during the year | As at the end of the year | As at the beginning of the year |
| Tangible Assets | | | | | | | | | | |
| Land - Free hold | 2021-22 | 1,190.35 | - | - | 1,190.35 | - | - | - | 1,190.35 | 1,190.35 |
| | 2020-21 | 1,190.35 | - | - | 1,190.35 | - | - | - | 1,190.35 | 1,190.35 |
| Land - Right-of-Use Asset | 2021-22 | 722.03 | 57.65 | - | 779.68 | 20.21 | 6.97 | - | 752.50 | 701.82 |
| | 2020-21 | 722.03 | - | - | 722.03 | 13.29 | 6.92 | - | 701.82 | 708.74 |
| Own Buildings | 2021-22 | 11,634.24 | 820.50 | - | 12,454.74 | 2,620.11 | 384.12 | - | 9,450.51 | 9,014.13 |
| | 2020-21 | 10,677.92 | 956.32 | - | 11,634.24 | 2,278.10 | 342.01 | - | 9,014.13 | 8,399.82 |
| Buildings - Right-of-Use Asset | 2021-22 | - | 513.23 | - | 513.23 | - | 10.08 | - | 503.15 | - |
| | 2020-21 | - | - | - | - | - | - | - | - | - |
| Plant and Machinery | 2021-22 | 82,412.05 | 13,796.96 | 3,032.55 | 93,176.46 | 4,244.19 | 1,874.36 | - | 50,548.35 | 42,153.77 |
| | 2020-21 | 81,109.64 | 2,323.44 | 1,021.03 | 82,412.05 | 36,817.91 | 4,033.34 | 592.97 | 42,153.77 | 44,291.73 |
| Electrical Machinery | 2021-22 | 4,737.18 | 275.32 | - | 5,012.50 | 2,633.07 | 193.78 | - | 2,185.65 | 2,104.11 |
| | 2020-21 | 4,703.51 | 40.42 | 6.75 | 4,737.18 | 2,444.92 | 194.11 | 5.96 | 2,104.11 | 2,258.59 |
| Furniture & Office Equipments | 2021-22 | 1,047.43 | 155.51 | 4.88 | 1,198.06 | 698.18 | 94.83 | 4.51 | 409.56 | 349.25 |
| | 2020-21 | 943.56 | 105.62 | 1.75 | 1,047.43 | 608.40 | 91.44 | 1.66 | 349.25 | 335.16 |
| Vehicles | 2021-22 | 508.46 | 74.57 | 5.09 | 577.94 | 246.53 | 45.97 | 3.67 | 289.11 | 261.93 |
| | 2020-21 | 520.97 | 44.65 | 57.16 | 508.46 | 245.53 | 41.08 | 40.08 | 261.93 | 275.44 |
| Total - Tangible Assets | 2021-22 | 1,02,251.74 | 15,693.74 | 3,042.52 | 1,14,902.96 | 46,476.38 | 4,979.94 | 1,882.54 | 65,329.18 | 55,775.36 |
| | 2020-21 | 99,867.98 | 3,470.45 | 1,086.69 | 1,02,251.74 | 42,408.15 | 4,708.90 | 640.67 | 55,775.36 | 57,459.83 |

Notes:

(i) Borrowings cost of Rs. 199.16 Lakhs have been capitalised for current year (PY: Rs.69.67 Lakhs).

(ii) All the moveable fixed assets have been pledged as security for borrowings.

(iii) The Company has opted to present the government grants related to assets as deduction from the carrying value of eligible assets in accordance with Ind AS20. No grants related to assets had been received during financial year 2021-22 (PY: NIL).

(iv) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Asset) since the Company has adopted cost model as its accounting policy to an entire class of Property, Plant and Equipment in accordance with Ind AS 16.

(v) All the title deeds of immovable properties are held in the name of the Company.

Note No.10
Capital Work in Progress

| Particulars | Year | As at the beginning of the year | | Additions | Capitalised | As at the end of the year | |
|--------------------------|---------|---------------------------------|--------|-----------|-------------|---------------------------|-----------|
| | | 1,013.69 | 364.26 | | | 18,810.70 | 16,116.53 |
| Capital Work in Progress | 2021-22 | 1,013.69 | 364.26 | 4,119.88 | 3,470.45 | 18,810.70 | 16,116.53 |
| | 2020-21 | - | - | - | - | 4,119.88 | 3,470.45 |

(₹ in Lakhs)

Notes:

(i) Refer to Note No. 56(b) for information relating to Ageing Schedule.

Note No.11
Investment Property

| Particulars | Year | Gross block | | As at the end of the year | Amortisation | | Net block | | |
|-------------|---------|---------------------------------|-----------|---------------------------|--------------|---------------------------------|---------------------------|---------------------------|---------------------------------|
| | | As at the beginning of the year | Additions | | Sold | As at the beginning of the year | Withdrawn during the year | As at the end of the year | As at the beginning of the year |
| Land | 2021-22 | 55.17 | 26.04 | - | 81.21 | - | - | 81.21 | 55.17 |
| | 2020-21 | 55.17 | - | - | 55.17 | - | - | 55.17 | 55.17 |
| Building | 2021-22 | 126.05 | - | 110.93 | 15.12 | 0.23 | 29.39 | 7.54 | 89.31 |
| | 2020-21 | 126.05 | - | - | 126.05 | 0.23 | - | 36.74 | 89.54 |
| Total | 2021-22 | 181.22 | 26.04 | 110.93 | 96.33 | 0.23 | 29.39 | 88.75 | 144.48 |
| | 2020-21 | 181.22 | - | - | 181.22 | 0.23 | - | 144.48 | 144.71 |

Note:

(i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.

(ii) The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technique of quoted prices for similar assets in active markets or recent price of similar properties in less active markets and adjusted to reflect those differences. Since the valuation is done by internal technical team, the fair value of investment property as disclosed above is not based on valuation by a register valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017. All resulting fair value estimates for investment properties as given below :

| Particulars | (₹ in Lakhs) | |
|-------------------------------------|--------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Fair value of Investment Properties | 1,001.72 | 1,126.87 |

(iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iv) Fair value hierarchy disclosures for investment properties have been provided in Note No. 54.

(v) Information regarding income and expenditure of Investment property

| Particulars | (₹ in Lakhs) | |
|---|--------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Rental Income from Investment Properties | 0.68 | 0.68 |
| Direct Operating Expenses | - | - |
| Profit arising from Investment Properties before Depreciation and indirect expenses | 0.68 | 0.68 |
| Less: Depreciation | 0.23 | 0.23 |
| Profit arising from Investment Properties before indirect expenses | 0.45 | 0.45 |

Note No. 12
Intangible Assets

(₹ in Lakhs)

| Particulars | Year | Gross block | | | Amortisation | | | Net block | | |
|----------------------------------|---------|---------------------------------|-----------|------|---------------------------|---------------------------------|---------------------------|---------------------------|---------------------------------|--------|
| | | As at the beginning of the year | Additions | Sold | As at the end of the year | As at the beginning of the year | Withdrawn during the year | As at the end of the year | As at the beginning of the year | |
| Computer software | 2021-22 | 425.65 | 396.75 | - | 822.40 | 214.35 | 46.79 | 261.14 | 561.26 | 211.30 |
| | 2020-21 | 425.65 | - | - | 425.65 | 187.90 | 26.45 | 214.35 | 211.30 | 237.75 |
| Power Transmission System | 2021-22 | 191.80 | - | - | 191.80 | 111.32 | 21.47 | 132.79 | 59.01 | 80.48 |
| | 2020-21 | 191.80 | - | - | 191.80 | 87.00 | 24.32 | 111.32 | 80.48 | 104.80 |
| Total - Intangible Assets | 2021-22 | 617.45 | 396.75 | - | 1014.20 | 325.67 | 68.26 | 393.93 | 620.27 | 291.78 |
| | 2020-21 | 617.45 | - | - | 617.45 | 274.90 | 50.77 | 325.67 | 291.78 | 342.55 |

Notes:

(a) The Company has not revalued its Intangible Asset since the Company has adopted cost model as its accounting policy to an entire class of Intangible Asset in accordance with Ind AS 38.

Note No.13
INVESTMENT IN ASSOCIATES

(₹ In Lakhs)

| Name of the Company | Face Value ₹ per share | As at | As at | As at | As at |
|--|------------------------|---------------|---------------|--------------------|-------------|
| | | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| | | No.of. Shares | No.of. Shares | Amount | Amount |
| Investment in Equity Instruments Quoted | | | | | |
| The Ramco Cements Limited | 1 | 3,26,25,264 | 3,30,65,000 | 1,61,816.21 | 1,50,141.21 |
| Ramco Industries Limited | 1 | 84,01,680 | 84,01,680 | 15,017.30 | 13,794.28 |
| Ramco System Limited | 10 | 7,33,531 | 7,33,531 | 4,875.55 | 5,054.05 |
| Total | | | | 1,81,709.06 | 1,68,989.54 |
| Quoted Investments - Cost | | | | 1,81,709.06 | 1,68,989.54 |
| Market Value | | | | 2,70,227.44 | 3,57,129.50 |

Notes:

(i) The Company has accounted for Investment in Associates at cost. Refer to Note No. 50 for information on principal place of business / country of incorporation and the Company's interest / percentage of shareholding in the above associates.

(ii) The carrying amount of investment in Associates is tested for impairment in accordance with Ind AS 36. The investment in Associates are long term strategic in nature, no impairment is considered as at the reporting date, considering its long term future prospects.

(iii) The Board of Directors have approved to sell the investments in the Shares of The Ramco Cements Limited upto a total value of Rs.90 Crores for part funding of its capital expenditure towards fabric capacity expansion. Out of this, the Company has sold 4,39,736 Shares of The Ramco Cements Limited for a sale consideration of Rs.34.57 Crores during the FY 2021-22. Considering the uncertainty in stock market and highly fluctuating share price, time period within which the balance quantity of shares will be sold could not be ascertained as at the reporting date and hence the investments are continued to be classified as Non-current investment.

Note No.14

Other Investment

| Name of the Company | Face Value ₹ per share | As at | As at | As at | As at |
|---|------------------------|---------------|---------------|-----------------|------------|
| | | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| | | No.of. Shares | No.of. Shares | Amount | Amount |
| I. Investment in Equity Instruments | | | | | |
| 1) Quoted | | | | | |
| The Ramaraju Surgical Cotton Mills Limited | 10 | 4,000 | 4,000 | 11.88 | 10.88 |
| Lakshmi Automatic Loom Works Limited | 100 | 250 | 250 | 1.65 | 1.26 |
| Tamilnadu Jai Bharath Mills Limited | 10 | 1,200 | 1,200 | 0.05 | 0.05 |
| Total Quoted Investments (A) | | | | 13.58 | 12.19 |
| 2) Unquoted | | | | | |
| Sri Vishnu Shankar Mills Limited | 10 | 38,400 | 38,400 | 128.26 | 105.22 |
| Ramco Industrial and Technology Services Limited | 10 | 50,000 | 50,000 | 11.00 | 14.50 |
| Ramco Windfarms Limited | 1 | 832,000 | 832,000 | 8.32 | 8.32 |
| Miot Hospitals Limited | 10 | 2,500 | 2,500 | 0.25 | 0.25 |
| Total Unquoted Investments (B) | | | | 147.83 | 128.29 |
| II. Investment in Preference Shares, Non-Trade - Unquoted | | | | | |
| Thanjavur Spinning Mill Limited (C) | 10 | 2,50,00,000 | 2,50,00,000 | 2,500.00 | 2,500.00 |
| Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited. | | | | | |
| III. Other Non-Current Investments, Non-Trade - Unquoted | | | | | |
| Ramco Group Employees' Co-operative Stores Limited | 1 | 500 | 500 | 0.01 | 0.01 |
| Total other Investments (D) | | | | 0.01 | 0.01 |
| Total (A+B+C+D) | | | | 2,661.42 | 2,640.49 |
| Aggregate Market Value of Quoted Investments | | | | NA | NA |
| Note: | | | | | |
| 1) Refer to Note No. 54 for information about fair value hierarchy under Disclosure of Fair Value Measurement. | | | | | |
| 2) Market Value of quoted investments for some equity instruments were not available due to no trading activities in stock market. | | | | | |

| | Amount ₹ In Lakhs | |
|--|---------------------|---------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Note No.15 | | |
| Financial Assets - (Non Current) Loans and Advances | | |
| Unsecured, considered good | | |
| Loans and Advances to Related Parties [Refer to Note No.52 (b) (i)] | 1,650.00 | 950.00 |
| | <u>1,650.00</u> | <u>950.00</u> |
| <p>Note:</p> <p>(i) Loans are non-derivative financial assets and are carried at amortized cost, which generate fixed or variable interest income for the Company.</p> <p>(ii) Loans to Related parties of Rs. 1,650.00 Lakhs (PY: Rs. 950.00 Lakhs) has been granted towards working capital in the normal course of business.</p> <p>(iii) The Company has not granted any loan or advance in the nature of loan to promoters, directors and KMPs that are repayable on demand or without specifying any terms or period of repayment.</p> | | |
| Note No.16 | | |
| Other Financial Assets - (Non Current) | | |
| Unsecured, Considered Good | | |
| Security Deposits with Electricity Board / Others | 773.28 | 937.08 |
| | <u>773.28</u> | <u>937.08</u> |
| Note No.17 | | |
| Other Non Current-Assets | | |
| Unsecured, Considered Good | | |
| Capital Advances | 2,130.13 | 951.52 |
| Income Tax Refund Receivable | 213.00 | 88.09 |
| Prepaid Expenses | 72.32 | 45.76 |
| | <u>2,415.45</u> | <u>1,085.37</u> |
| Note No.18 | | |
| Inventories | | |
| (Valued at lower of cost or Net realisable Value) | | |
| Finished Goods (Yarn and Fabrics) | 2,010.64 | 744.63 |
| Raw materials - Cotton, Cotton Waste & Yarn | 16,805.99 | 9,229.11 |
| Stores and Spares | 602.25 | 443.08 |
| Works-in-progress (Cotton, Yarn and Fabric) | 5,490.45 | 2,569.92 |
| | <u>24,909.33</u> | <u>12,986.74</u> |
| <p>Note:</p> <p>(i) Raw materials includes Goods-in-transit of Rs. 1,710.45 Lakhs (As at 31-03-2021 Rs. 505.95 Lakhs).</p> <p>(ii) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.</p> <p>(iii) The mode of valuation of inventories has been stated in the Note No. 6A</p> | | |

| | Amount ₹ In Lakhs | |
|--|---------------------|---------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Note No.19 | | |
| Trade Receivables | | |
| Secured, Considered good | 2,481.77 | 1,593.12 |
| Unsecured, considered good | 7,854.21 | 6,087.92 |
| Unsecured and which have significant increase in credit risk | 36.05 | - |
| Less: Allowance for expected credit loss | (36.05) | - |
| | <u>10,335.98</u> | <u>7,681.04</u> |
| <p>Note:</p> <p>(a) Trade receivables are generally non-interest bearing.</p> <p>(b) No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a Member.</p> <p>(c) The total carrying amount of trade receivables has been pledged as security for Borrowings.</p> <p>(d) Trade Receivables aging schedule have been provided in Note No. 56 (c)</p> | | |
| Note No.20 | | |
| Cash and Cash Equivalents | | |
| Cash on Hand | 0.64 | 1.08 |
| Balance with Bank | | |
| In Current Account | 147.35 | 47.07 |
| | <u>147.99</u> | <u>48.15</u> |
| Note No.21 | | |
| Bank Balances other than Cash and Cash Equivalents | | |
| Balances with Banks held as security against Borrowings | 475.00 | 475.00 |
| Earmarked balances with Banks for Unclaimed Dividend | 38.44 | 42.87 |
| | <u>513.44</u> | <u>517.87</u> |
| Note No.22 | | |
| Other Financial Assets (Current) | | |
| Government Grants Receivable | 406.39 | 404.95 |
| Security Deposit | - | 69.95 |
| Insurance Claim receivable | 75.85 | 0.49 |
| Amount receivable from Related Parties [Refer to Note No. 52(b)(iv)] | - | 980.10 |
| Exchange difference on Firm Commitment | 241.61 | 171.67 |
| | <u>723.85</u> | <u>1,627.16</u> |
| Note No.23 | | |
| Current Tax Assets | | |
| Advance Income Tax, Self Assessment Tax and Tax deducted at source | 240.25 | 124.47 |
| | <u>240.25</u> | <u>124.47</u> |
| <p>Note:</p> <p>Advance Income Tax, Self Assessment Tax and Tax deducted at source is net of provision for tax of Rs. 15.20 Lakhs (PY: NIL)</p> | | |

| | Amount ₹ in Lakhs | | | |
|--|---------------------|---------------|---------------------|---------------|
| | As at 31-03-2022 | | As at 31-03-2021 | |
| Note No.24 | | | | |
| Other Current Assets | | | | |
| Unsecured, considered good | | | | |
| Advance to Suppliers / Others | 488.79 | | 279.58 | |
| Tax Credit and Refund due - Indirect Taxes | 3,012.83 | | 1,714.82 | |
| Accrued Income | 114.79 | | 94.57 | |
| Prepaid Expenses | 195.93 | | 157.49 | |
| Other Current Assets | 88.79 | | 106.67 | |
| | <u>3,901.13</u> | | <u>2,353.13</u> | |
| Note No.25 | | | | |
| Equity Share Capital | | | | |
| Authorised | | | | |
| 1,50,00,000 Equity Shares of Rs.10/- each (PY: 1,50,00,000 Equity Shares of Rs. 10/- each) | 1,500.00 | | 1,500.00 | |
| Issued, Subscribed and Fully paid-up | | | | |
| 86,05,520 Equity Shares of Rs.10/- each (PY: 73,76,160 Equity Shares of Rs. 10/- each) | 858.94 | | 736.01 | |
| | <u>858.94</u> | | <u>736.01</u> | |
| Notes: | | | | |
| a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares (PY: 62,13,850 Equity Shares) of Rs. 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves. | | | | |
| b. Reconciliation of the number of shares outstanding: | | | | |
| | As at 31-03-2022 | | As at 31-03-2021 | |
| Particulars | No. of Shares | Amount | No. of Shares | Amount |
| Number of Shares at the beginning | 73,76,160 | 737.62 | 73,76,160 | 737.62 |
| Shares allotted pursuant to Rights Issue | 1,229,360 | 122.93 | - | - |
| Number of Shares at the end | <u>8,605,520</u> | <u>860.55</u> | <u>7,376,160</u> | <u>737.62</u> |
| c. Rights / Restrictions attached to Equity Shares | | | | |
| The Company has one class of equity shares having a face value of Rs. 10/- each. Each Shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. | | | | |
| d. List of Shareholders holding more than 5 percent in the Company. | | | | |
| | As at 31-03-2022 | | As at 31-03-2021 | |
| Particulars | No. of Shares | % of holding | No. of Shares | % of holding |
| P.R. Venketrama Raja | 18,36,826 | 21.34% | 14,66,080 | 19.88% |
| P.V. Abinav Ramasubramaniam Raja | 22,77,277 | 26.47% | 19,51,952 | 26.47% |
| Govindlal M Parikh | 5,75,141 | 6.68% | 3,33,873 | 4.53% |

| | | | | Amount ₹ in Lakhs | |
|--|--|---------------|-------------------|--------------------------|---------------------|
| | | | | As at 31-03-2022 | As at 31-03-2021 |
| e. Shareholders holding of Promoters as at 31-03-2022 | | | | | |
| S. No | Name of the Promoters | No. of Shares | % of total shares | % Change during the year | |
| 1 | P.R. Venketrana Raja | 18,36,826 | 21.34% | 1.47% | |
| 2 | P V Abinav Ramasubramaniam Raja | 22,77,277 | 26.47% | | |
| 3 | R Sudarsanam | 74,386 | 0.86% | | |
| 4 | Ramachandra Raja Chittammal | 96,399 | 1.12% | | |
| 5 | P.V. Nirmala | 41,370 | 0.48% | | |
| 6 | Nalina Ramalakshmi | 7,840 | 0.09% | | |
| 7 | Saradha Deepa | 12,786 | 0.15% | | |
| 8 | P V Srisandhya | 19,320 | 0.22% | | |
| 9 | Ramco Industries Limited | 1,48,587 | 1.73% | | |
| 10 | The Ramaraju Surgical Cotton Mills Limited | 1,57,733 | 1.83% | | |
| 11 | Sri Vishnu Shankar Mill Limited | 34,696 | 0.40% | | |
| 12 | Sandhya Spinning Mill Limited | 583 | 0.01% | | |
| 13 | Ramco Management Private Limited | 2,380 | 0.03% | | |
| 14 | The Ramco Cements Limited | 33,150 | 0.39% | | |
| TOTAL | | 47,43,333 | 55.12% | | |
| f. Shareholders holding of Promoters as at 31-03-2021 | | | | | |
| S. No | Name of the Promoters | No. of Shares | % of total shares | % Change during the year | |
| 1 | P.R. Venketrana Raja | 14,66,080 | 19.88% | NIL | |
| 2 | P V Abinav Ramasubramaniam Raja | 19,51,952 | 26.47% | | |
| 3 | R Sudarsanam | 63,760 | 0.86% | | |
| 4 | Ramachandra Raja Chittammal | 82,628 | 1.12% | | |
| 5 | P.V. Nirmala | 13,920 | 0.19% | | |
| 6 | Nalina Ramalakshmi | 6,720 | 0.09% | | |
| 7 | Saradha Deepa | 10,960 | 0.15% | | |
| 8 | P V Srisandhya | 16,560 | 0.22% | | |
| 9 | Ramco Industries Limited | 1,27,360 | 1.73% | | |
| 10 | The Ramaraju Surgical Cotton Mills Limited | 1,35,200 | 1.83% | | |
| 11 | Sri Vishnu Shankar Mill Limited | 29,740 | 0.40% | | |
| 12 | Sandhya Spinning Mill Limited | 500 | 0.01% | | |
| 13 | Ramco Management Private Limited | 2,040 | 0.03% | | |
| 14 | The Ramco Cements Limited | 25,600 | 0.35% | | |
| TOTAL | | 39,33,020 | 53.33% | | |
| Note No.26 | | | | | |
| Other Equity | | | | | |
| Capital Reserve | | | | | |
| Balance as per Last Financial Statement | | | | 3.75 | 3.75 |
| Nature of Reserve | | | | | |
| Represents the difference between the shares allotted to the Share Holders of Transferor Company and Net Worth acquired from Transferor Company as per scheme of Amalgamation. | | | | | |

| | Amount ₹ in Lakhs | |
|---|---------------------|---------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Capital Reserve on Consolidation | | |
| Balance as per Last Financial Statement | 1,05,407.59 | 1,05,407.59 |
| Less: Transfer to Retained earnings | <u>(1,455.38)</u> | <u>-</u> |
| | <u>1,03,952.21</u> | <u>1,05,407.59</u> |
| Nature of Reserve | | |
| Capital Reserve on Consolidation represent excess of the Parents's Share of the net fair value of the investment in Associates over the cost of the investment which is recognised directly in equity as capital reserve upon transition to Ind AS. | | |
| Securities Premium | | |
| Balance as per Last Financial Statement | 1,490.48 | 1,490.48 |
| Add: Security Premium on Rights Issue | 6,872.13 | - |
| Less: Rights Issue Expenses | <u>(49.26)</u> | <u>-</u> |
| | <u>8,313.35</u> | <u>1,490.48</u> |
| Nature of Reserve | | |
| Securities Premium was credited when shares are issued at a Premium. The Company can use this reserve to issue bonus shares, to provide for preliminary expenses and the commission paid or discount allowed on, any issue of shares of the Company. | | |
| General Reserve | | |
| Balance as per Last Financial Statement | 80,844.50 | 68,037.16 |
| Add: Amount transferred from Retained Earnings | 631.79 | 12,807.34 |
| | <u>81,476.29</u> | <u>80,844.50</u> |
| Nature of Reserve | | |
| General Reserve represents the statutory reserve in accordance with Companies Act, 2013 wherein a portion of profit is apportioned to general reserve. Under Companies Act, 1956 it was mandatory to transfer amount before a Company can declare dividend, however under Companies Act, 2013 transfer of any amount to General reserve is at the discretion of the Company. | | |
| FVTOCI Reserve | | |
| Balance as per Last Financial Statement | 38.84 | 5.02 |
| Add: Other Comprehensive Income for the year | <u>(29.11)</u> | <u>98.19</u> |
| Sub-Total | 9.73 | 103.21 |
| Transfer from / (to) Retained Earnings | <u>4.57</u> | <u>(64.37)</u> |
| | <u>14.30</u> | <u>38.84</u> |
| Nature of Reserve | | |
| Fair Value through Other Comprehensive Income (FVTOCI) Reserve represents the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The Company has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Company transfers amounts from this reserve to Retained Earnings in case of actuarial loss / gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised. | | |
| Retained Earnings | | |
| Balance as per Last Financial Statement | 501.75 | 3,200.00 |
| Add: Profit for the year | 16,657.61 | 10,118.48 |
| Add: Transfer from FVTOCI Reserve | (4.57) | 64.37 |
| Add: Transfer from Capital Reserve on Consolidation | 1455.38 | - |
| Sub-Total | 18,610.17 | 13,382.85 |
| Less: Appropriations | | |
| Dividend Distribution to Shareholders | (43.03) | (73.76) |
| Transfer to General Reserve | <u>(631.79)</u> | <u>(12,807.34)</u> |
| | <u>17,935.35</u> | <u>501.75</u> |

| | Amount ₹ in Lakhs | |
|---|---------------------------|---------------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Nature of Reserve | | |
| Represents that portion of the net income of the Company that has been retained by the Company. | | |
| Note: The Board of Directors have recommended the payment of Final Dividend Rs. 1/- per share for the year 2021-22 (PY: Rs.0.50 per Share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting. | | |
| Total Other Equity | <u>2,11,695.25</u> | <u>1,88,286.91</u> |
| Note No.27 | | |
| Non Current Borrowings | | |
| Secured | | |
| Term Loan from Banks | 29,854.22 | 27,827.42 |
| Unsecured | | |
| Term Loan from Banks | 1,308.57 | 2,355.45 |
| | <u>31,162.79</u> | <u>30,182.87</u> |
| Notes: | | |
| a) Term Loan from Banks of Rs. 29,854.22 Lakhs (PY: Rs. 25,227.42 Lakhs) are secured by pari-passu first charge on moveable Fixed Assets of the Company and pari-passu second charge on the Current Assets of the Company. | | |
| b) Term Loan of Rs. NIL (PY: Rs. 2,600 Lakhs) are secured by residual charge on moveable Fixed Assets of the Company. | | |
| c) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the reporting date. | | |
| d) Registration, Modification and Satisfaction of charges relating to the year under review, had been filed with the ROC, within the prescribed time or within the extended time requiring the payment of additional fees. | | |
| e) Refer to Note No. 55 for information about risk profile of borrowings under Financial Risk Management. | | |
| f) The Long Term Borrowings from Banks are repayable in quarterly / monthly installments. The year wise repayment is as follows: | | |
| Year | Amount | Amount |
| 2022-23 | - | 8,527.48 |
| 2023-24 | 7,833.45 | 5,739.08 |
| 2024-25 | 6,693.49 | 4,308.75 |
| 2025-26 | 5,652.90 | 3,863.07 |
| 2026-27 | 4,341.03 | 3,009.37 |
| 2027-28 | 4,236.12 | 3,057.12 |
| 2028-29 | 2,405.80 | 1,678.00 |
| | <u>31,162.79</u> | <u>30,182.87</u> |
| Note No.28 | | |
| Lease Liabilities | | |
| Lease Liabilities [Refer to Note No. 49] | 499.39 | - |
| | <u>499.39</u> | <u>-</u> |

Deferred Tax Liabilities (net)

| Particulars | As at 01-04-2020 | MAT Credit (Set off Utilized) / Reversed | Recognised in Profit and Loss | As at 31-03-2021 | MAT Credit (Set off Utilized) / Reversed | Recognised in Profit and Loss | As at 31-03-2022 |
|--|---------------------|--|----------------------------------|---------------------|--|----------------------------------|---------------------|
| Tax Impact on difference in written down value of Property, Plant & Equipment as per books and as per Income Tax Act, 1961 | 6,974.48 | | 1,016.95 | 7,991.43 | | (2,543.81) | 5,447.62 |
| Tax impact on provision for compensated absences & Bonus | (235.08) | | 47.18 | (187.90) | | (16.04) | (203.94) |
| Tax impact on allowance for expected credit losses | | | | | | (15.04) | (15.04) |
| Tax Impact on lease accounting as per Ind AS 116 | | | | | | 0.09 | 0.09 |
| Tax impact on Fairvalue of forward contracts | 8.76 | | (4.92) | 3.84 | | 3.79 | 7.63 |
| Unused tax credits (i.e) MAT Credit Entitlement | (3,273.11) | | | (3,273.11) | 3,273.11 | | - |
| Tax Impact on unabsorbed Depreciation / unadjusted losses | (1,708.50) | | (2,230.96) | (3,939.46) | | 3,120.34 | (819.12) |
| Others | 2.70 | | 3.27 | 5.97 | | | 5.97 |
| Total | 1,769.25 | | (1,168.48) | 600.77 | 3,273.11 | 549.33 | 4,423.21 |

Reconciliation of Deferred tax Liabilities (Net)

| Particulars | 31-03-2022 | 31-03-2021 |
|---|------------|------------|
| Balance at the beginning of the year | 600.77 | 1,769.25 |
| Deferred Tax recognised in Statement of Profit and Loss - Expense / (Savings) | 549.33 | (1,168.48) |
| MAT Credit reversed during the year | 3,273.11 | |
| Balance at the end of the year | 4,423.21 | 600.77 |

Components of Tax Expenses

| Particulars | 31-03-2022 | 31-03-2021 |
|---|-----------------|-------------------|
| (i) Profit or Loss Section | | |
| Current Tax | | |
| Current Income Tax charge | 15.20 | - |
| Current Tax adjustments of earlier years | - | - |
| Deferred Tax | | |
| Relating to the origination and reversal of temporary differences | 549.33 | (1,168.48) |
| MAT Credit reversed during the year | 3,273.11 | - |
| Deferred Tax adjustments of earlier years | - | - |
| Total Tax Expenses recognised in Profit or Loss section | 3,837.64 | (1,168.48) |
| (ii) Other Comprehensive Income Section | | |
| Current Tax credit on remeasurement losses on defined benefit obligations, net | - | - |
| Total Tax Credit to OCI | - | - |
| (iii) Total Tax Expenses recognised in Statement of Profit and Loss (i) + (ii) | 3,837.64 | (1,168.48) |

Reconciliation of the Income tax provision to the amount computed by applying the statutory Income tax rate to the income before taxes is summarised below:

| Particulars | 31-03-22 | 31-03-21 |
|--|-----------------|-------------------|
| Accounting Profit / (Loss) before Tax (Including OCI) | 5,737.54 | (4,835.11) |
| Corporate Tax Rate % | 25.168% | 34.944% |
| Computed Tax Expense | 1,444.02 | (1,689.58) |
| Increase/(reduction) in taxes on account of: | | |
| Non-deductible expenses | 3.79 | (4.92) |
| Change in Tax Rate | (1,133.82) | - |
| MAT Credit reversed during the year | 3,273.11 | - |
| Change in carried forward unabsorbed Depreciation | 939.06 | - |
| Income chargeable to tax under different tax rates (Capital Gains) | (361.87) | - |
| Tax Expenses related to Capital Gains | 15.20 | - |
| Tax adjustments upon consolidation between associates | | 375.98 |
| Others | (341.86) | 150.04 |
| Tax Expenses recognised in the Statement of Profit and Loss | 3,837.64 | (1,168.48) |

Notes:
As per Section 115BAA in the Income Tax Act, 1961, the Company has an Irrecoverable option of shifting to a lower tax rate (new tax regime) and simultaneously to forgo certain tax incentives, deductions and accumulated MAT Credit. In view of the overall tax benefits available under Section 115BAA, the Company has opted for shifting of new tax regime with effect from the AY 2021-22 (FY: 2020-21). Consequently, the Company has charged off the accumulated MAT Credit entitlement of ₹ 3,273.11 Lakhs to Statement of Profit and Loss during the financial year 2021-22. The net deferred tax liability as at 01-04-2021 has been recomputed in accordance with reduced rate i.e. 25.168% as against the old tax rate i.e. 34.944% and thus reversed ₹ 1,133.82 Lakhs from deferred tax liability during the financial year 2021-22. The deferred tax provision of ₹ 549.33 Lakhs for the year ended 31-03-2022 is after netting-off the above reversal.

Amount ₹ In Lakhs

| | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Note No.30 | | |
| Current Borrowings | | |
| Secured | | |
| Loan from Banks | 19,967.83 | 14,098.01 |
| Current Maturities of Long Term Loans | 8,428.62 | 6,470.81 |
| Unsecured | | |
| Loan from Banks | 10,339.75 | 6,935.40 |
| Loans and Advances from Related Party [Refer to Note No.52 (b) (ii)] | 3,242.91 | 3,112.02 |
| Current Maturities of Long Term Loans | 1,046.86 | 1,046.84 |
| | <u>43,025.97</u> | <u>31,663.08</u> |
| <p>Note:</p> <p>(i) Short term Borrowings (other than Current maturities of Long term Borrowings) are secured by way of first pari passu hypothecation charge on trade receivables and inventories of the Company, present and future. The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts.</p> <p>(ii) The quarterly returns or statements filed by the Company with the banks or financial institutions are in agreement with the books of accounts.</p> <p>(iii) The Company has used the borrowings from banks for the specific purpose for which it was taken as at the reporting date.</p> <p>(iv) Refer to Note No. 55 for information about risk profile of borrowings under Financial Risk Management.</p> | | |
| Note No.31 | | |
| Lease Liabilities | | |
| Lease Liabilities [Refer to Note No. 49] | 3.40 | - |
| | <u>3.40</u> | <u>-</u> |
| Note No.32 | | |
| Trade Payables | | |
| (i) Dues of micro enterprises and small enterprises | 261.25 | 224.49 |
| (ii) Dues of creditors other than micro enterprises and small enterprises | 1,552.41 | 1,231.35 |
| | <u>1,813.66</u> | <u>1,455.84</u> |
| <p>Notes:</p> <p>(i) The categorization of supplier as MSME registered under The Micro, Small and Medium Enterprises Development Act, 2006, has been determined based on the information available with the company as at the reporting date. The disclosures as per the requirement of the Act are furnished as below:</p> | | |
| (a) (1) The principal amount remaining unpaid to any supplier at the end of the financial year included in Trade payables | 261.25 | 224.49 |
| (2) The interest due on the above | - | - |
| (b) The amount of interest paid by the buyer in terms of section 16 of the Act | - | - |
| (c) The amount of the payment made to the supplier beyond the appointed day during the financial year | - | - |
| (d) The amount of interest accrued and remaining unpaid at the end of financial year | - | - |
| (e) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act | - | - |
| <p>(ii) Refer to Note No. 55 for information about risk profile of Trade payables under Financial Risk Management.</p> <p>(iii) Trade Payables aging schedule given in Note No. 56 (a).</p> | | |

Amount ₹ In Lakhs

| | As at 31-03-2022 | As at 31-03-2021 |
|--|---------------------|---------------------|
| Note No.33 | | |
| Other Current Financial Liabilities | | |
| Interest Accrued | 206.03 | 201.12 |
| Unclaimed Dividends | 38.44 | 42.87 |
| PACR Memorial Fund | 128.40 | 28.40 |
| Advance received from Customers | 140.69 | 123.53 |
| Payables for Capital Goods | 1,866.71 | 1,258.53 |
| Advance against Sale of Assets | 159.88 | 100.28 |
| Statutory Liabilities Payable | 868.59 | 760.82 |
| Financial Guarantee Contracts | 72.86 | 97.86 |
| Derivatives Designated as Hedges - Foreign Exchange Forward Contract | 263.57 | 80.32 |
| Other payables | 91.10 | 38.68 |
| | <u>3,836.27</u> | <u>2,732.41</u> |
| Notes: | | |
| (i) Unclaimed dividends represents amount not due for transfer to Investor Education and Protection Fund. | | |
| (ii) The Company has recognised financial guarantee obligation at fair value towards the corporate guarantees issued to the bankers on behalf of Related parties, and the same is recognised as other Income over the tenure of the corporate guarantee. | | |
| Note No.34 | | |
| Provisions | | |
| Provision for Employee Benefits | 1,251.47 | 686.01 |
| Provision for Compensated absences [Refer to Note No.48] | 283.44 | 284.95 |
| Other Provision for | | |
| - Sales and Administrative Expenses | 361.82 | 159.95 |
| - Electricity Charges | 506.52 | 372.19 |
| - Other Expenses | 5.11 | 5.36 |
| | <u>2,408.36</u> | <u>1,508.46</u> |
| Notes: | | |
| (i) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method. | | |
| (ii) Movement in Provisions for compensated absences | | |
| Carrying amount as the beginning of the year | 284.95 | 415.26 |
| Add: Current Service Cost | 30.39 | 31.41 |
| Add: Interest Cost | 15.21 | 26.21 |
| Add: Actuarial Loss | 85.77 | (143.29) |
| Less: Benefits paid | <u>(132.88)</u> | <u>(44.64)</u> |
| Carrying amount as the end of the year | <u>283.44</u> | <u>284.95</u> |

Amount ₹ in Lakhs

| | As at 31-03-2022 | As at 31-03-2021 |
|---|---------------------|---------------------|
| Note No.35 | | |
| Revenue from Operations | | |
| Sale of Products | | |
| Yarn | 55,009.71 | 36,295.45 |
| Fabrics | 12,195.44 | 3,866.80 |
| Waste Cotton | <u>672.30</u> | <u>587.41</u> |
| | 67,877.45 | 40,749.66 |
| Other Operating Revenue | | |
| Export Incentive | 213.59 | 102.76 |
| Scrap Sales | 149.73 | 6.47 |
| Job Work Charges Received | 724.70 | 325.55 |
| | <u>68,965.47</u> | <u>41,184.44</u> |
| Notes: | | |
| (i) The disaggregation of revenue as required under Ind AS 115 is given below | | |
| Gross Revenue from Operations | 71,407.61 | 42,720.94 |
| Less: Rebates & Discounts | 80.34 | 51.96 |
| Less: GST | <u>2,361.80</u> | <u>1,484.54</u> |
| Revenue from Operations (net of GST) | <u>68,965.47</u> | <u>41,184.44</u> |
| Note No.36 | | |
| Finance Income | | |
| Interest Receipts | <u>266.71</u> | <u>290.97</u> |
| | <u>266.71</u> | <u>290.97</u> |
| Note No.37 | | |
| Other Income | | |
| Rent Receipts | 38.22 | 34.11 |
| Dividend Income | 225.02 | 225.02 |
| Exchange Gain on Foreign Currency Transactions (Net) | 101.05 | - |
| Carbon Credit Sale | 25.75 | - |
| Profit on Sale of Cotton | 712.41 | - |
| Miscellaneous Income | 191.34 | 101.67 |
| | <u>1,293.79</u> | <u>360.80</u> |
| Note No.38 | | |
| Cost of Materials consumed | | |
| Raw materials Consumed | | |
| Cotton & Cotton Waste Consumed for Yarn Production | 30,383.98 | 17,173.33 |
| Yarn Consumed for Fabric Production | 5,717.34 | 1,984.99 |
| | <u>36,101.32</u> | <u>19,158.32</u> |
| Note No.39 | | |
| Purchases of Stock-in-Trade | | |
| Purchases of Stock-in-Trade | 2,478.83 | 684.12 |
| | <u>2,478.83</u> | <u>684.12</u> |

| | Amount ₹ in Lakhs | |
|---|---------------------|---------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Note No.40 | | |
| Changes in Inventories of Finished Goods and Work-in-progress | | |
| Opening stock | | |
| Finished Goods | 744.63 | 4,423.23 |
| Work-in-Progress | <u>2,569.92</u> | <u>2,248.50</u> |
| | 3,314.55 | 6,671.73 |
| Closing Stock | | |
| Finished Goods | 2,010.64 | 744.63 |
| Work-in-Progress | <u>5,490.45</u> | <u>2,569.92</u> |
| | 7,501.09 | 3,314.55 |
| Net (Increase) / Decrease in Stock | <u>(4,186.54)</u> | <u>3,357.18</u> |
| Note No.41 | | |
| Employee Benefits | | |
| Salaries , Wages and Bonus | 7,211.49 | 4,853.65 |
| Contribution to Provident and Other Funds | 776.06 | 608.89 |
| Staff and Labour Welfare & Training Expenses | 442.22 | 261.47 |
| | <u>8,429.77</u> | <u>5,724.01</u> |
| Notes: | | |
| (i) Refer to Note No.48 for disclosures pertaining to defined contribution plan and defined benefit obligations under Ind AS 19. | | |
| Note No.42 | | |
| Finance Costs | | |
| Interest on Debts and Borrowings | 3,856.32 | 4,368.66 |
| Interest expense on lease liabilities [Refer to Note No. 49] | 10.49 | - |
| Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost | 429.01 | 79.67 |
| | <u>4,295.82</u> | <u>4,448.33</u> |
| Notes: | | |
| (i) Interest on Term Loans represent interest calculated using the effective interest rate method. | | |
| (ii) The above Finance Costs is net of capitalised portion of Rs. 199.16 Lakhs (PY: Rs. 69.67 Lakhs) attributable to the qualifying assets. | | |
| (iii) Refer to Note No. 55 for information about interest rate risk exposure under Financial Risk Management. | | |
| Note No.43 | | |
| Depreciation and Amortisation Expense | | |
| Depreciation of Plant, Property and Equipment [Refer to Note No. 9] | 4,979.94 | 4,708.90 |
| Depreciation on Investment Properties [Refer to Note No. 11] | 0.23 | 0.23 |
| Amortization of intangible assets [Refer to Note No. 12] | 68.26 | 50.77 |
| | <u>5,048.43</u> | <u>4,759.90</u> |

Amount ₹ in Lakhs

| | As at 31-03-2022 | | As at 31-03-2021 | |
|--|---------------------|------------------|---------------------|-----------------|
| Note No.44 | | | | |
| Other Expenses | | | | |
| Manufacturing Expenses | | | | |
| Power and Fuel | 3,979.09 | | 2,690.93 | |
| Packing Materials Consumption | 875.03 | | 539.50 | |
| Repairs to Buildings | 342.25 | | 118.37 | |
| Repairs to Plant and Machinery | 1,664.49 | | 1,017.84 | |
| Repairs - Wind Mills & Others | 1,401.28 | | 1,006.40 | |
| Mercerising expenses - Yarn Processing | 520.18 | | 179.71 | |
| Chemical Consumption - Fabric | 688.85 | | 378.71 | |
| Job work Charges Paid | 500.22 | 9,971.39 | 146.13 | 6,077.59 |
| Establishment Expenses | | | | |
| Managing Director's Remuneration | 247.50 | | 247.50 | |
| Rates and Taxes | 154.42 | | 137.66 | |
| Insurance | 347.96 | | 299.21 | |
| Postage and Telephone | 36.85 | | 40.97 | |
| Printing and Stationery | 39.10 | | 30.23 | |
| Travelling Expenses | 73.75 | | 18.81 | |
| Vehicle Maintenance | 134.03 | | 67.50 | |
| Exchange Loss on Foreign Currency Transactions | - | | 134.91 | |
| Directors Sitting Fees | 32.70 | | 27.30 | |
| Lease Rent [Refer to Note (ii) below] | 23.51 | | 11.82 | |
| Audit Fees and Legal Expenses | 32.11 | | 21.08 | |
| Loss on Sale of Cotton | - | | 63.21 | |
| Financial Guarantee Expenses | - | | 90.00 | |
| Provision for PACR Memorial Fund | 100.00 | | - | |
| Corporate Social Responsibility Expenses | 42.88 | | 20.44 | |
| Miscellaneous Expenses | 253.31 | 1,518.12 | 95.71 | 1,306.35 |
| Selling Expenses | | | | |
| Sales Commission | 655.81 | | 505.45 | |
| Export Expenses | 779.46 | | 267.75 | |
| Other Selling Expenses | 318.72 | | 178.86 | |
| Impairment allowance for trade receivables | 36.05 | 1,790.04 | - | 952.06 |
| | | <u>13,279.55</u> | | <u>8,336.00</u> |

Note:

(i) The details of CSR Expenditure are disclosed in Note No. 56(i).

(ii) The disclosures pertaining to Lease Rent as required under Ind AS 116 are given in Note No. 49.

| | Amount ₹ in Lakhs | |
|---|---------------------|---------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Note No.45 | | |
| Audit Fees and Expenses (net of tax credits) | | |
| Statutory Auditors | | |
| Statutory Audit fee | 6.00 | 5.00 |
| Other Certification Work | 1.63 | 5.13 |
| Reimbursement of Expenses | 0.05 | 0.15 |
| Tax Auditors | | |
| Tax Audit fee | 0.75 | 0.60 |
| Cost Auditors | | |
| Cost Audit fee | 1.50 | 1.40 |
| Secretarial Auditors | | |
| Secretarial Audit fee | 0.65 | 0.59 |
| Other Certification Work | 0.40 | 0.26 |
| Reimbursement of Expenses | 0.09 | 0.03 |
| | <u>11.07</u> | <u>13.16</u> |
| | - | - |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note No. 46****Contingent Liabilities**

| | ₹ in Lakhs | |
|---|-----------------------------|-----------------------------|
| | As at 31-03-2022 | As at 31-03-2021 |
| Guarantees given by the bankers on behalf of Company | 247.32 | 235.62 |
| Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to - | | |
| - Parent | 552.20 | 552.20 |
| - Parent's share in Associates | 14,892.29 | 13,798.85 |

Note No. 47

Financial Guarantee given to banks to avail loan facilities by Related parties

| | As at 31-03-2022 | As at 31-03-2021 |
|---------------------------------|-----------------------------|-----------------------------|
| Sri Vishnu Shankar Mill Limited | 1,000 | 1,000 |
| Sandhya Spinning Mill Limited | 4,500 | 5,500 |

Actual amount of loan outstanding against above Financial Guarantees

| | As at 31-03-2022 | As at 31-03-2021 |
|---------------------------------|-----------------------------|-----------------------------|
| Sri Vishnu Shankar Mill Limited | 300 | 500 |
| Sandhya Spinning Mill Limited | 3,450 | 3,504 |

Note No. 48

As per Ind AS 19, the disclosures pertaining to "Employee Benefits" are given below:

Defined Contribution Plan:

| | ₹ in Lakhs | |
|--|-------------------|----------------|
| Particulars | 2021-22 | 2020-21 |
| Employer's Contribution to Provident Fund | 498.64 | 368.14 |
| Employer's Contribution to Superannuation Fund | 53.00 | 42.04 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Defined Benefit Plan - Gratuity**

The Gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company and is in accordance with the rules of the Company read with Payment of Gratuity Act 1972. This is a defined benefit plan in nature. The Company makes annual contributions to "Rajapalayam Mills Limited Employees' Gratuity Fund" administered by the Trustees and managed by LIC of India, based on the Actuarial Valuation by an Independent external actuary as at the Balance Sheet date using Projected Unit Credit method. The Company has the exposure of actuarial risk such as adverse salary growth, change in demography experience, inadequate return on underlying plan assets. This may result in an increase in cost of providing these benefits to employees in future. Since the benefits are lump sum in nature, the plan is not subject to any longevity risks.

Defined Benefit Plan (Gratuity):**Reconciliation of Opening and Closing balances of Present Value of Obligation:**

| Particulars | ₹ in Lakhs | |
|---------------------------------|-------------------|----------------|
| | 2021-22 | 2020-21 |
| As at the beginning of the year | 1,223.07 | 1,210.25 |
| Current Service Cost | 95.12 | 97.07 |
| Interest Cost | 82.12 | 77.04 |
| Actuarial Loss/ (Gain) | 8.30 | (-) 50.79 |
| Benefits paid | (-) 86.38 | (-) 110.50 |
| As at the end of the year | 1,322.23 | 1,223.07 |

Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets

| | | |
|---------------------------------|------------------|------------|
| As at the beginning of the year | 1,162.23 | 1,048.48 |
| Expected return on plan assets | 80.08 | 71.73 |
| Actuarial gain / (loss) | 3.74 | (-) 11.93 |
| Employer Contribution | 62.95 | 164.45 |
| Benefits paid | (-) 86.38 | (-) 110.50 |
| As at the end of the year | 1,222.62 | 1,162.23 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

| Particulars | ₹ in Lakhs | |
|--|-------------------|----------------|
| | 2021-22 | 2020-21 |
| Actual Return on Plan Assets: | | |
| Expected Return on Plan Assets | 80.08 | 71.73 |
| Actuarial Gain / (Loss) on Plan Assets | 3.74 | (-) 11.93 |
| Actual Return on Plan Assets | 83.82 | 59.80 |
| Reconciliation of Fair Value of Assets and Obligations: | | |
| Present value of obligation | 1,322.23 | 1,223.07 |
| Fair value of plan assets | 1,222.62 | 1,162.23 |
| Difference, Amount recognized in Balance Sheet | 99.61 | 60.84 |
| Expenses recognized during the year: | | |
| Current Service Cost | 95.12 | 97.07 |
| Net Interest on Obligations | 2.04 | 5.31 |
| Expenses recognized in Statement of Profit and Loss | 97.16 | 102.38 |
| Amount recognized in the Other Comprehensive Income: | | |
| Actuarial changes arising from: | | |
| Experience adjustments on Plan Liabilities | (-) 65.34 | 10.21 |
| Experience adjustments on Plan Assets | 3.74 | (-) 11.93 |
| Changes in financial assumptions | 57.03 | 40.58 |
| Changes in demographic assumptions | - | - |
| Amount recognized in OCI during the year | (-) 4.57 | 38.87 |
| Investment Details | | |
| Funds with LIC | 1,216.47 | 1,156.48 |
| Bank Balance | 6.15 | 5.75 |
| Total | 1,222.62 | 1,162.23 |
| Actuarial assumptions: | | |
| LIC 2012-14 Table applied for service mortality rate | Yes | Yes |
| Discount rate p.a | 7.36% | 6.96% |
| Expected rate of Return on Plan Assets p.a. | 7.36% | 6.96% |
| Rate of escalation in salary p.a | 3.75% | 3.75% |
| Rate of Employee Turnover | 0.05% | 0.05% |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Estimate of Expected Benefit payments**

₹ in Lakhs

| Particulars | 31-03-2022 | 31-03-2021 |
|--------------|---------------|------------|
| Year 1 | 26.12 | 24.41 |
| Year 2 | 89.25 | 46.69 |
| Year 3 | 59.92 | 56.69 |
| Year 4 | 108.32 | 62.94 |
| Year 5 | 129.86 | 113.57 |
| Next 5 Years | 679.38 | 630.41 |

Quantitative Sensitivity Analysis for Significant Assumptions

| Particulars | 31-03-2022 | 31-03-2021 |
|--------------------------------------|---------------|------------|
| 0.50% Increase in Discount Rate | 100.45 | 88.56 |
| 0.50% Decrease in Discount Rate | 115.85 | 102.41 |
| 0.50% Increase in Salary Growth Rate | 116.13 | 102.63 |
| 0.50% Decrease in Salary Growth Rate | 100.15 | 88.31 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognized within the Balance Sheet.

Defined Benefit Plan (Leave encashment plan):**Reconciliation of Opening and Closing balances of Present Value of Obligation:**

| | ₹ in Lakhs | |
|---------------------------------|-------------------|------------|
| Particulars | 2021-22 | 2020-21 |
| As at the beginning of the year | 284.95 | 415.26 |
| Current Service Cost | 30.39 | 31.41 |
| Interest Cost | 15.21 | 26.21 |
| Actuarial Loss | 85.77 | (-) 143.29 |
| Benefits paid | (-) 132.88 | (-) 44.64 |
| As at the end of the year | 283.44 | 284.95 |

Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets:

| | | |
|---------------------------------|-------------------|-----------|
| As at the beginning of the year | NIL | NIL |
| Expected return on plan assets | NIL | NIL |
| Actuarial gain / (loss) | NIL | NIL |
| Employer Contribution | 132.88 | 44.64 |
| Benefits paid | (-) 132.88 | (-) 44.64 |
| As at the end of the year | NIL | NIL |

RAJAPALAYAM MILLS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | ₹ in Lakhs | |
|--|------------|------------|
| | 2021-22 | 2020-21 |
| Actual Return of plan assets: | | |
| Expected Return on Plan Assets | NIL | NIL |
| Actuarial Gain / (Loss) on Plan Assets | NIL | NIL |
| Actual Return on Plan Assets | NIL | NIL |
| Reconciliation of Fair Value of Assets and Obligations: | | |
| Fair value of plan assets | NIL | NIL |
| Present value of obligation | 283.44 | 284.95 |
| Difference, Amount Recognized in Balance Sheet | 283.44 | 284.95 |
| Expenses recognized during the year: | | |
| Current Service Cost | 30.39 | 31.41 |
| Net Interest on obligations | 15.21 | 26.21 |
| Actuarial Gain recognized during the year | 85.77 | (-) 143.29 |
| Expenses recognized in the Statement of Profit & Loss | 131.37 | (-) 85.67 |
| Amount recognized in the Other Comprehensive Income: | | |
| Actuarial changes arising from: | | |
| Experience adjustments on Plan Liabilities | NIL | NIL |
| Experience adjustments on Plan Assets | NIL | NIL |
| Changes in financial assumptions | NIL | NIL |
| Changes in demographic assumptions | NIL | NIL |
| Amount recognized in OCI during the year | NIL | NIL |
| Investment Details | | |
| Funds with LIC | NIL | NIL |
| Bank Balance | NIL | NIL |
| Total | NIL | NIL |
| Actuarial assumptions: | | |
| LIC 2012-14 Table applied for service mortality rate | | |
| Discount rate p.a | 7.36% | 6.96% |
| Expected rate of Return on Plan Assets p.a. | NIL | NIL |
| Rate of escalation in salary p.a | 3.75% | 3.75% |
| Rate of Employee Turnover | 0.05% | 0.05% |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Estimate of Expected Benefit payments**

₹ in Lakhs

| Particulars | 31-03-2022 | 31-03-2021 |
|--------------------|-------------------|------------|
| Year 1 | 3.99 | 2.71 |
| Year 2 | 26.06 | 13.18 |
| Year 3 | 15.36 | 26.61 |
| Year 4 | 19.10 | 10.13 |
| Year 5 | 26.52 | 22.51 |
| Next 5 Years | 149.33 | 175.47 |

Quantitative Sensitivity Analysis for Significant Assumptions

| Particulars | 31-03-2022 | 31-03-2021 |
|--------------------------------------|-------------------|------------|
| 0.50% Increase in Discount Rate | 41.23 | 28.36 |
| 0.50% Decrease in Discount Rate | 46.99 | 32.64 |
| 0.50% Increase in Salary Growth Rate | 47.09 | 32.71 |
| 0.50% Decrease in Salary Growth Rate | 41.11 | 28.28 |

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (projected unit credit method) has been applied as when calculating the defined benefit obligation recognized within the Balance Sheet.

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note No.49****Disclosures pertaining to Ind AS 116 - Leases****COMPANY AS A LESSEE****Nature of leasing activities**

The Company has entered into operating lease on certain assets i.e land and building. Lease rentals are determined based on agreed terms. There is escalation clause in certain lease agreements after a specified period and no restriction imposed by the lease arrangements.

Maturity analysis of Lease Liabilities:

(₹ in Lakhs)

| Particulars | 31-03-2022 | 31-03-2021 |
|---|-------------------|------------|
| Not later than one year | 28.46 | NIL |
| One to five years | 161.32 | NIL |
| More than five years | 650.48 | NIL |
| Total Undiscounted lease liabilities as at 31 st March | 840.26 | NIL |

Other disclosures as required by Ind AS 116:

| Particulars | 31-03-2022 | 31-03-2021 |
|--|-------------------|------------|
| Depreciation charge for Right-of-use asset | 17.05 | 6.94 |
| Interest on lease liabilities | 10.49 | NIL |
| Expenses relating to short-term leases | 23.51 | 11.82 |
| Total cash outflow for leases including principal and interest | 78.59 | NIL |
| Additions to Right-of-use assets | 570.88 | NIL |
| Carrying amount of Right-of-use assets at 31 st March | 1,255.65 | 701.81 |

Notes:

- (a) Expenses relating to Short-term lease include leases whose lease term ends within 12 months from date of initial application and leases whose non-cancellable period is less than 12 months, irrespective of the actual tenure agreed as per the arrangement.

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****COMPANY AS A LESSOR**

The Company has entered into operating leases i.e. Land & Building. The Company has not entered into any Finance leases. Future minimum rental receivable under non-cancellable operating leases as at the reporting date is given below:

(₹ in Lakhs)

| Particulars | 31-03-2022 | 31-03-2021 |
|-------------------------|-------------------|-------------------|
| Not later than one year | 1.05 | 1.05 |
| One to five years | 6.40 | 6.11 |
| More than five years | 9.37 | 12.25 |

Note No.50

Disclosure of Interests in Associates under equity method

| Name of the Company | Principle Place of Business / Country of Incorporation | Principal activities of Business |
|----------------------------------|---|---|
| The Ramco Cements Limited (TRCL) | India | Manufacture of Cements and Cementitious materials |
| Ramco Industries Limited (RIL) | India | Manufacture of Building materials |
| Ramco Systems Limited (RSL) | India | Software development |

| Name of the Company | % of Shareholding as at | |
|----------------------------|--------------------------------|-------------------|
| | 31-03-2022 | 31-03-2021 |
| The Ramco Cements Limited | 13.81% | 14.02% |
| Ramco Industries Limited | 9.69% | 9.69% |
| Ramco Systems Limited | 2.38% | 2.39% |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Summarised financial information for Associates:

The summarized consolidated financial statements of the material Associates are as below:
(₹ in Lakhs)

| Balance Sheet | Non-current Assets | Investment in Associates | Current Assets | Non-current Liabilities | Current Liabilities | Total Equity |
|---------------------------|--------------------|--------------------------|----------------|-------------------------|---------------------|--------------|
| As at 31-03-2022 | | | | | | |
| The Ramco Cements Limited | 11,18,187.00 | 26,962.00 | 1,70,737.00 | 3,75,048.00 | 2,78,269.00 | 6,62,569.00 |
| Ramco Industries Limited | 61,167.00 | 3,00,828.70 | 70,158.58 | 8,312.27 | 47,956.14 | 3,75,885.87 |
| Ramco Systems Limited | 46,449.00 | 164.00 | 40,844.00 | 7,674.00 | 21,379.00 | 58,404.00 |
| As at 31-03-2021 | | | | | | |
| The Ramco Cements Limited | 9,71,692.00 | 27,909.00 | 1,45,891.00 | 3,29,754.00 | 2,41,937.00 | 5,73,801.00 |
| Ramco Industries Limited | 56,613.00 | 2,77,069.00 | 66,391.00 | 7,205.00 | 44,471.00 | 3,48,397.00 |
| Ramco Systems Limited | 48,499.90 | 153.50 | 45,458.90 | 9,625.70 | 19,002.10 | 65,484.50 |

Note: The above financial information is amended to determine the share of interest in associates.

| Profit and Loss | TRCL | | RIL | | RSL | |
|------------------------------|-------------|-------------|-------------|-------------|------------|------------|
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Total Revenue | 6,03,169.00 | 5,32,137.00 | 1,46,874.98 | 1,23,385.00 | 53,110.00 | 64,087.10 |
| Profit before tax | 80,344.00 | 1,14,350.00 | 19,258.32 | 17,509.00 | (7,265.00) | 10,788.70 |
| Tax expenses / (savings) | (8,941.00) | 37,992.00 | 6,606.44 | 5,916.00 | (39.00) | 5,122.40 |
| Profit after Tax | 89,285.00 | 76,358.00 | 12,651.88 | 11,593.00 | (7,226.00) | 5,666.30 |
| Share of profit in Associate | (1,116.00) | 2,075.00 | 17,632.78 | 16,282.00 | 10.00 | 3.50 |
| Other Comprehensive Income | (248.00) | (360.00) | (183.13) | 1,054.00 | 260.00 | (1,126.60) |
| Total Comprehensive Income | 87,921.00 | 78,073.00 | 30,101.53 | 28,929.00 | (6,956.00) | 4,543.20 |

Fair Value of Investments

| Name of the material Associates | 31-03-2022 | 31-03-2021 |
|---------------------------------|-------------|-------------|
| The Ramco Cements Limited | 2,50,578.34 | 3,31,691.54 |
| Ramco Industries Limited | 17,710.74 | 21,567.11 |
| Ramco Systems Limited | 1,938.36 | 3,870.84 |

Share of contingent Liabilities in respect of associates

| Name of the material Associates | 31-03-2022 | 31-03-2021 |
|---------------------------------|------------|------------|
| The Ramco Cements Limited | 13,617.89 | 12,275.91 |
| Ramco Industries Limited | 514.28 | 763.30 |
| Ramco Systems Limited | 207.92 | 196.14 |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

Reconciliation to the carrying amount of investment in associates:

| Profit and Loss | TRCL | | RIL | | RSL | |
|--|-------------|-------------|------------|------------|------------|------------|
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| Entity's TCI | 87,921.00 | 78,073.00 | 30,101.53 | 28,929.00 | (6,956.00) | 4,543.20 |
| Entity's Adjusted TCI | 86,300.00 | 75,949.00 | 10,342.53 | 13,352.97 | (6,966.00) | 4,447.60 |
| Effective shareholding % | 15.84% | 16.06% | 11.83% | 11.86% | 2.38% | 2.39% |
| Associates share of profit / OCI | 13,671.41 | 12,193.74 | 1,223.02 | 1,583.34 | (165.83) | 106.23 |
| Less: Unrealised profit on inter-company transactions (net of tax) | - | - | - | - | - | - |
| Amount recognized in P & L | 13,671.41 | 12,193.74 | 1,223.02 | 1,583.34 | (165.83) | 106.23 |
| Reconciliation | | | | | | |
| Opening Carrying amount | 1,50,141.21 | 1,38,939.43 | 13,794.28 | 12,294.96 | 5,054.05 | 4,947.82 |
| Less: Adjustment on Deemed Disposal | - | - | - | - | - | - |
| Add: Acquisition / (Sold) during the year | (1,996.41) | - | - | - | (12.67) | - |
| Add: Associate's share of Profit / OCI | 13,671.41 | 12,193.74 | 1,223.02 | 1,583.34 | (165.83) | 106.23 |
| Less: Dividend received | - | 991.96 | - | 84.02 | - | - |
| Net Carrying amount | 1,61,816.21 | 1,50,141.21 | 15,017.30 | 13,794.28 | 4,875.55 | 5,054.05 |

Notes:

- Adjusted TCI represents total comprehensive income of the entity after eliminating effects of reciprocal interests and unrealized profits.
- Effective shareholdings represent the aggregate of direct holding and indirect holding through fellow associates.

Note No.51

EARNINGS PER SHARE

| Particulars | (₹ in Lakhs) | |
|---|------------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Net profit / (loss) after tax (₹ in Lakhs) (A) | 16,658.15 | 10,118.48 |
| Weighted average number of Equity shares after deducting treasury shares [In Lakhs] (B) | 86.05 | 73.60 |
| Nominal value per equity share (in ₹) | 10 | 10 |
| Basic & Diluted Earnings per share (A)/(B) (in ₹) | 194 | 137 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note No.52****RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March 2022:

A. Associates

| Name of the Company | Place of Business/Country of Incorporation | % of Shareholding as at | |
|---------------------------|--|-------------------------|------------|
| | | 31-03-2022 | 31-03-2021 |
| The Ramco Cements Limited | India | 13.81% | 14.02% |
| Ramco Industries Limited | India | 9.69% | 9.69% |
| Ramco Systems Limited | India | 2.38% | 2.39% |

B. Key Managerial Personnel (including KMP under Companies Act, 2013)

| Name of the Key Management Personnel | Designation |
|--------------------------------------|-------------------------------------|
| Shri P.R. Venketrama Raja | Chairman |
| Smt. R. Sudarsanam | Managing Director (Upto 31-05-2022) |
| Smt. P.V. Nirmala Raju | Managing Director (From 01-06-2022) |
| Shri S.S. Ramachandra Raja | Non-Executive Director |
| Shri N.K. Ramasuwami Raja | Independent Director |
| Shri A.V. Dharmakrishnan | Non-Executive Director |
| Justice Shri P.P.S. Janarthana Raja | Independent Director |
| Shri V. Santhana Raman | Independent Director |
| Shri K.B. Nagendra Murthy | Independent Director |
| Smt. Soundara Kumar | Independent Director |
| Shri P.V. Abinav Ramasubramniam Raja | Non-Executive Director |
| Shri P.A.S Alaghar Raja | Independent Director |
| Shri B. Gnanagurusamy | Chief Financial Officer |
| Shri A. Arulpranavam | Secretary |

C. Relatives of Key Managerial Personnel

| Name of the Relative of KMP | Relationship |
|-----------------------------|---------------------------------------|
| Smt. R. Chittammal | Spouse of Shri S.S. Ramachandra Raja |
| Smt. Nalina Ramalakshmi | Sister of Shri P.R. Venketrama Raja |
| Smt. Sharada Deepa | Sister of Shri P.R. Venketrama Raja |
| Smt. B. Sri Sandhya Raju | Daughter of Shri P.R. Venketrama Raja |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****D. Companies over which KMP/Relatives of KMP exercise significant influence or control**

| | |
|--|--|
| The Ramaraju Surgical Cotton Mills Limited | Ramco Industrial and Technology Services Limited |
| Sri Vishnu Shankar Mill Limited | Ramco Wind farms Limited |
| Thanjavur Spinning Mill Limited | Ramco Management Private Limited |
| Sandhya Spinning Mill Limited | RCDC Securities & Investments Private Limited |
| Sri Harini Textiles Limited | Sri Harini Media Limited |
| Rajapalayam Textile Limited | |

E. Employee Benefit Funds where control exists

| |
|---|
| Rajapalayam Mills Limited Officers' Superannuation Fund |
| Rajapalayam Mills Limited Employees' Gratuity Fund |

F. Other entities over which there is a significant influence

| | |
|--|---|
| Smt. Lingammal Ramaraju Shastra Prathishta Trust | PACR Sethurammal Charity Trust |
| Ramco Welfare Trust | PACR Sethurammal Charities |
| Raja Charity Trust | PAC Ramasamy Raja Education Charity Trust |
| Gowri Metal Works LLP | PACR Centenary Trust |
| Ramco Organic Farming Centre | PACR Rotary Blood Bank |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Disclosure in respect of Related Party Transactions during the year and outstanding balances including commitments as at the reporting date:

a. Transactions during the year at Arm's length basis or its equivalent**i. Good Supplied / Services rendered**

| Name of the Related Party | ₹ in Lakhs | |
|--|------------|----------|
| | 2021-22 | 2020-21 |
| Associates | | |
| The Ramco Cements Limited | 71.86 | 0.07 |
| Ramco Industries Limited | 716.85 | 837.63 |
| Ramco Systems Limited | 0.81 | 0.81 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| The Ramaraju Surgical Cotton Mills Limited | 1,798.82 | 460.77 |
| Sri Vishnu Shankar Mill Limited | 3,912.59 | 1,909.27 |
| Sandhya Spinning Mill Limited | 1,110.33 | 925.40 |
| Rajapalayam Textile Limited | 412.52 | 736.74 |
| Sri Harini Textiles Limited | 8.09 | 19.87 |
| Other entities over which there is a significant influence | | |
| PACR Education Charity Trust | 0.35 | 0.35 |
| PACR Rotary Blood Bank | 0.35 | 0.71 |
| PACR Sethurammammal Charity Trust | 0.01 | NIL |

ii. Sale of Fixed Assets

| Name of the Related Party | Value | |
|--|---------|---------|
| | 2021-22 | 2020-21 |
| Associates | | |
| Ramco Industries Limited | 0.21 | 0.89 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| Sri Vishnu Shankar Mill Limited | NIL | 0.59 |
| Sandhya Spinning Mill Limited | NIL | 981.28 |
| Rajapalayam Textile Limited | 119.35 | 7.67 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

| | | |
|--------------------|-----|------|
| Raja Charity Trust | NIL | 1.80 |
|--------------------|-----|------|

iii. Cost of Goods & Services purchased / availed ₹ in Lakhs

| Name of the Related Party | Value | |
|--|----------|----------|
| | 2021-22 | 2020-21 |
| Associates | | |
| The Ramco Cements Limited | 20.20 | 9.43 |
| Ramco Industries Limited | 727.17 | 605.81 |
| Ramco Systems Limited | 33.10 | 25.03 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| The Ramaraju Surgical Cotton Mills Limited | 1,874.17 | 564.70 |
| Sri Vishnu Shankar Mill Limited | 2,248.71 | 1,609.95 |
| Ramco Windfarms Limited | 386.90 | 380.52 |
| Sandhya Spinning Mill Limited | 857.07 | 1,089.83 |
| Rajapalayam Textile Limited | 518.42 | 1,292.43 |
| Shri Harini Media Limited | 0.74 | 1.47 |
| Ramco Industrial and Technology Services Limited | 13.72 | NIL |
| Other entities over which there is a significant influence | | |
| PACR Sethurammamma Charity Trust | 205.66 | 180.72 |
| PACR Centenary Trust | 10.24 | NIL |
| Gowrihouse Metal Works LLP | 0.48 | 0.08 |
| Ramco Organic Farming Centre | 0.32 | 0.08 |

iv. Purchase of Fixed Assets

| Name of the Related Party | Value | |
|--|---------|---------|
| | 2021-22 | 2020-21 |
| Associates | | |
| The Ramco Cements Limited | 5.34 | NIL |
| Ramco Industries Limited | 0.98 | 153.46 |
| Ramco Systems Limited | 468.17 | NIL |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| The Ramaraju Surgical Cotton Mills Limited | 1.48 | NIL |
| Rajapalayam Textile Limited | 6.58 | 5.01 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****v. Leasing Arrangements – Rent Paid**

| Name of the Related Party | ₹ in Lakhs | |
|--|------------|---------|
| | Value | |
| | 2021-22 | 2020-21 |
| Associates | | |
| The Ramco Cements Limited | 0.08 | 0.08 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| Sandhya Spinning Mill Limited | 64.35 | NIL |
| Relative of Key Managerial Personnel | | |
| Smt. Sharada Deepa | 1.51 | 1.56 |

vi. Reimbursement of Expenses Paid / (Received)

| Name of the Related Party | Value | |
|--|---------|---------|
| | 2021-22 | 2020-21 |
| Associates | | |
| The Ramco Cements Limited | 14.94 | 18.95 |
| Ramco Industries Limited | (66.26) | NIL |
| Ramco Systems Limited | (0.54) | NIL |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| The Ramaraju Surgical Cotton Mills Limited | (71.52) | (22.43) |
| Sri Vishnu Shankar Mill Limited | (34.94) | (12.28) |
| Sandhya Spinning Mill Limited | (50.20) | (9.75) |
| Rajapalayam Textile Limited | (8.42) | (3.26) |
| Sri Harini Textiles Limited | (5.56) | (3.27) |

vii. Dividend Paid

| Name of the Related Party | Value | |
|---------------------------------------|---------|---------|
| | 2021-22 | 2020-21 |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | 9.18 | 14.66 |
| Smt. R. Sudarsanam | 0.37 | 0.64 |
| Smt. P.V. Nirmala Raju | 0.08 | 0.14 |
| Shri P.V. Abinav Ramasubramaniam Raja | 11.39 | 19.52 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

| Name of the Related Party | Value | |
|--|----------------|----------------|
| | 2021-22 | 2020-21 |
| Shri S.S. Ramachandra Raja | 0.14 | 0.24 |
| Shri N.K. Ramasuwami Raja | 0.09 | 0.15 |
| Shri A.V. Dharmakrishnan | 0.01 | 0.01 |
| Shri P.A.S. Alaghar Raja | 0.04 | 0.07 |
| Associates | | |
| The Ramco Cements Limited | 0.17 | 0.26 |
| Ramco Industries Limited | 0.74 | 1.27 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| The Ramaraju Surgical Cotton Mills Limited | 0.79 | 1.35 |
| Sri Vishnu Shankar Mill Limited | 0.17 | 0.30 |
| Sandhya Spinning Mill Limited | - | 0.01 |
| Ramco Management Private Limited | 0.01 | 0.02 |
| Relative of Key Management Personnel | | |
| Smt. R. Chittammal | 0.48 | 0.83 |
| Smt. R. Nalina Ramalakshmi | 0.04 | 0.07 |
| Smt. S.Sharada Deepa | 0.06 | 0.11 |
| Smt. B. Sri Sandhya Raju | 0.10 | 0.17 |

viii. Dividend Received

| Name of the Related Party | Value | |
|--|----------------|----------------|
| | 2021-22 | 2020-21 |
| Associates | | |
| The Ramco Cements Limited | NIL | 991.95 |
| Ramco Industries Limited | NIL | 84.02 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| The Ramaraju Surgical Cotton Mills Limited | 0.02 | 0.02 |
| Thanjavur Spinning Mill Limited | 225.00 | 225.00 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****ix. Right Issue Amount Received**

| Name of the Related Party | ₹ in Lakhs | |
|--|-------------------|----------------|
| | 2021-22 | 2020-21 |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | 2,109.54 | - |
| Smt. R. Sudarsanam | 60.46 | - |
| Smt. P.V. Nirmala Raju | 13.20 | - |
| Shri P.V. Abinav Ramasubramaniam Raja | 1,851.10 | - |
| Shri S.S. Ramachandra Raja | 23.22 | - |
| Shri N.K. Ramasuwami Raja | 14.60 | - |
| Shri A.V. Dharmakrishnan | 1.82 | - |
| Shri P.A.S. Alaghar Raja | 5.69 | - |
| Associates | | |
| The Ramco Cements Limited | 42.96 | - |
| Ramco Industries Limited | 120.78 | - |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| The Ramaraju Surgical Cotton Mills Limited | 128.21 | - |
| Sri Vishnu Shankar Mill Limited | 28.20 | - |
| Sandhya Spinning Mill Limited | 0.47 | - |
| Ramco Management Private Limited | 1.93 | - |
| Relative of Key Management Personnel | | |
| Smt. R. Chittammal | 78.36 | - |
| Smt. R. Nalina Ramalakshmi | 6.37 | - |
| Smt. S.Sharada Deepa | 10.39 | - |
| Smt. B. Sri Sandhya Raju | 15.70 | - |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****x. Interest Paid / (Received)**

| Name of the Related Party | ₹ in Lakhs | |
|--|------------|---------|
| | 2021-22 | 2020-21 |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | 3.21 | 5.41 |
| Smt. R. Sudarsanam | 21.10 | 5.53 |
| Smt. P.V. Nirmala Raju | 0.51 | 0.94 |
| Shri P.V. Abinav Ramasubramaniam Raja | 3.53 | 0.88 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| Sri Harini Textiles Limited | (87.88) | (99.76) |
| Lynks Logistics Limited | (3.89) | NIL |
| Thanjavur Spinning Mill Limited | 194.55 | 181.02 |

xi. Directors' Sitting Fees

| Name of the Related Party | Value | |
|---------------------------------------|---------|---------|
| | 2021-22 | 2020-21 |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | 2.70 | 2.10 |
| Smt. R. Sudarsanam | 1.50 | 1.50 |
| Smt. P.V. Nirmala Raju | 2.10 | 1.50 |
| Shri S.S. Ramachandra Raja | 1.80 | 1.80 |
| Shri N.K. Ramasuwami Raja | 3.90 | 3.30 |
| Shri A.V. Dharmakrishnan | 4.20 | 3.00 |
| Justice Shri P.P.S. Janarthana Raja | 5.10 | 3.90 |
| Shri V. Santhanaraman | 1.80 | 1.80 |
| Shri K.B. Nagendra Murthy | 3.60 | 3.00 |
| Smt Soundara Kumar | 1.80 | 1.80 |
| Shri P.V. Abinav Ramasubramaniam Raja | 2.40 | 1.80 |
| Shri P.A.S Alaghar Raja | 1.80 | 1.80 |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

xii. Remuneration to Key Management Personnel (Other than Sitting Fees)

| Name of the Related Party | ₹ in Lakhs | |
|--|---------------|---------|
| | Value | |
| | 2021-22 | 2020-21 |
| Key Managerial Personnel | | |
| Smt. R. Sudarsanam, Managing Director | 247.50 | 247.50 |
| Shri B. Gnanagurusamy, Chief Financial Officer | 68.67 | 33.55 |
| Shri A. Arulpranavam, Secretary | 15.23 | 9.93 |

xiii. CSR / Donation given

| Name of the Related Party | Value | |
|---|-------------|---------|
| | Value | |
| | 2021-22 | 2020-21 |
| Other entities over which there is a significant influence | | |
| PACR Sethuramammal Charities | NIL | 5.00 |
| PACR Education Charity Trust | 0.50 | NIL |
| PACR Rotary Blood Bank | 1.00 | NIL |

xiv. Contribution to Superannuation Fund / Gratuity Fund

| Name of the Related Party | Value | |
|---|---------------|---------|
| | Value | |
| | 2021-22 | 2020-21 |
| Other entities over which there is a significant influence | | |
| Rajapalayam Mills Limited Officers' Superannuation Fund | 53.00 | 42.04 |
| Rajapalayam Mills Limited Employees' Gratuity Fund | 101.73 | 63.51 |

xv. Maximum amount of loans and advance / (borrowings) outstanding during the year

| Name of the Related Party | Value | |
|---------------------------------------|-----------------|----------|
| | Value | |
| | 2021-22 | 2020-21 |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | (501.70) | (77.81) |
| Smt. R. Sudarsanam | (551.35) | (334.63) |
| Smt. P.V. Nirmala Raju | (13.76) | (13.54) |
| Shri P.V. Abinav Ramasubramaniam Raja | (53.92) | (50.81) |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Name of the Related Party | Value | |
|--|------------|------------|
| | 2021-22 | 2020-21 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| Sri Harini Textiles Limited | 950.00 | 950.00 |
| Lynks Logistics Limited | 700.00 | - |
| Thanjavur Spinning Mill Limited | (3,183.53) | (2,635.23) |

b. Outstanding balance including commitments

i. Loans and advances

| Name of the Related Party | Value | | ₹ in Lakhs |
|--|------------|------------|------------|
| | 31-03-2022 | 31-03-2021 | |
| Companies over which KMP / Relative of KMP exercise significant Influence | | | |
| Sri Harini Textiles Limited | 950.00 | 950.00 | |
| Lynks Logistics Limited | 700.00 | - | |

ii. Borrowings:

| Name of the Related Party | Value | |
|--|------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Key Managerial Personnel | | |
| Shri P.R. Venketrama Raja | 501.70 | 77.81 |
| Smt. R. Sudarsanam | 3.62 | 334.63 |
| Smt. P.V. Nirmala Raju | 0.99 | 13.54 |
| Shri P.V. Abinav Ramasubramaniam Raja | 3.99 | 50.81 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| Thanjavur Spinning Mill Limited | 2,732.60 | 2,635.23 |

iii. Corporate Guarantee given to lender of Related parties

| Name of the Related Party | Value | |
|--|------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| Sri Vishnu Shankar Mill Limited | 1,000 | 1,000 |
| Sandhya Spinning Mill Limited | 4,500 | 5,500 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Notes:

- (a) These Guarantees have been given as an additional security to secure the borrowings of the above Companies for their modernization / expansion.
- (b) The loan balance with Banks by the related parties, on the strength of the above Corporate Guarantees given by the Company are furnished below:

₹ in Lakhs

| Particulars | As at 31-03-2022 | As at 31-03-2021 |
|---------------------------------|---------------------|---------------------|
| Sri Vishnu Shankar Mill Limited | 300 | 500 |
| Sandhya Spinning Mill Limited | 3,450 | 3,504 |

iv. Trade Receivables

| Name of the Related Party | Value | |
|--|------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Associates | | |
| The Ramco Cements Limited | NIL | 0.04 |
| Companies over which KMP / Relative of KMP exercise significant Influence | | |
| Sandhya Spinning Mill Limited | NIL | 980.10 |

Notes:

- (a) The above outstanding balance at the respective reporting dates are unsecured and settlement occurs in cash or through provision of goods / services, in case of unadjusted advances.

c. Disclosure of Key Management Personnel compensation in total and for each of the following categories:

| Particulars | 31-03-2022 | 31-03-2021 |
|---|------------|------------|
| Short - Term Benefits ^[1] | 309.10 | 281.03 |
| Defined Contribution Plan ^[2] | 12.59 | 11.45 |
| Defined Benefit Plan / Other Long-Term Benefits ^[3] | 11.21 | - |
| Total | 332.90 | 292.48 |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. It includes bonus, sitting fees, and value of perquisites.
2. It includes contribution to Provident fund and Superannuation fund
3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above. However, amount paid towards compensated absences is included whenever Company makes such payment to KMPs.

Note No. 53
Segment Information for the year ended 31-03-2022

(₹ in Lakhs)

| Particulars | Textiles | | Windmill Power | | Total | |
|--|------------------|------------------|-----------------|-----------------|------------------|------------------|
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| REVENUE | | | | | | |
| External Sales / Other Operating Income | 68,965.47 | 41,184.44 | - | - | 68,965.47 | 41,184.44 |
| Inter Segment Sale | - | - | 3,927.23 | 3,758.58 | 3,927.23 | 3,758.58 |
| Total | 68,965.47 | 41,184.44 | 3,927.23 | 3,758.58 | 72,892.70 | 44,943.02 |
| Other Income | 1,173.04 | 252.79 | - | - | 1,173.04 | 252.79 |
| Total Revenue | 70,138.51 | 41,437.23 | 3,927.23 | 3,758.58 | 74,065.74 | 45,195.81 |
| RESULT | | | | | | |
| Segment Profit | 6,832.71 | (2,682.20) | 2,154.45 | 2,099.89 | 8,987.16 | (582.31) |
| Unallocated Income | | | | | 225.02 | 225.01 |
| Unallocated Expenses | | | | | - | - |
| Operating Profit | | | | | 9,212.18 | (357.30) |
| Interest Expenses | | | | | 4,295.82 | 4,448.33 |
| Interest Income | | | | | 162.43 | 173.98 |
| Provision for Taxation | | | | | | |
| Current Tax | | | | | 15.20 | - |
| Withdrawal of MAT Credit relating to earlier years due to adoption of New Tax Regime | | | | | 3,273.11 | - |
| Deferred Tax | | | | | 549.33 | (1,168.48) |
| Profit from ordinary activities | | | | | 1,241.15 | (3,463.18) |
| Other Comprehensive Income after Tax | | | | | 16.36 | 72.69 |
| Exceptional Items | | | | | 642.39 | (276.15) |
| Share of TCI from Associates | | | | | 14,728.60 | 13,883.30 |
| Total Comprehensive Income (TCI) after Tax | | | | | 16,628.50 | 10,216.67 |
| OTHER INFORMATION | | | | | | |
| Segment Assets | 1,08,594.65 | 79,057.57 | 5,112.05 | 5,528.75 | 1,13,706.70 | 84,586.32 |
| Unallocated Assets | | | | | 1,86,020.54 | 1,72,580.03 |
| Total Assets | | | | | 2,99,727.24 | 2,57,166.35 |
| Segment Liabilities | 8,061.61 | 5,696.69 | - | - | 8,061.61 | 5,696.69 |
| Unallocated Liabilities | | | | | 79,111.44 | 62,446.74 |
| Total Liabilities | | | | | 87,173.05 | 68,143.43 |
| Capital Expenditure | 18,867.90 | 4,251.64 | - | - | 18,867.90 | 4,251.64 |
| Unallocated Capital Expenditure | | | | | - | - |
| Depreciation | 4,631.73 | 4,343.20 | 416.70 | 416.70 | 5,048.43 | 4,759.90 |
| Unallocated Depreciation | | | | | | |
| Expenditure | - | - | - | - | - | - |
| Non-Cash expenses other than Depreciation | - | - | - | - | - | - |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note No. 54****Disclosure of Fair value measurements**

The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

Financial Instruments by category

| ₹ in Lakhs | | | | | |
|---------------------------------|----------------|-------|--------|-----------------|------------|
| Particulars | Amortised Cost | FVTPL | FVTOCI | Carrying Amount | Fair Value |
| As at 31-03-2022 | | | | | |
| Financial Assets | | | | | |
| Investments - Preference Shares | 2,500.00 | - | - | 2,500.00 | 2,500.00 |
| Other Investments | - | - | 161.42 | 161.42 | 161.42 |
| Loans and Advances | 1,650.00 | - | - | 1,650.00 | 1,650.00 |
| Trade Receivables | 10,335.98 | - | - | 10,335.98 | 10,335.98 |
| Cash and Bank Balances | 661.43 | - | - | 661.43 | 661.43 |
| Other Financial Assets | 1,497.13 | - | - | 1,497.13 | 1,497.13 |
| Financial Liabilities | | | | | |
| Borrowings | 74,188.76 | - | - | 74,188.76 | 74,188.76 |
| Lease Liabilities | 502.79 | - | - | 502.79 | 502.79 |
| Trade Payables | 1,813.66 | - | - | 1,813.66 | 1,813.66 |
| Other Financial Liabilities | 3,836.27 | - | - | 3,836.27 | 3,836.27 |
| As at 31-03-2021 | | | | | |
| Financial Assets | | | | | |
| Investments - Preference Shares | 2,500.00 | - | - | 2,500.00 | 2,500.00 |
| Other Investments | - | - | 140.49 | 140.49 | 140.49 |
| Loans and Advances | 950.00 | - | - | 950.00 | 950.00 |
| Trade Receivables | 7,681.04 | - | - | 7,681.04 | 7,681.04 |
| Cash and Bank Balances | 566.02 | - | - | 566.02 | 566.02 |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lakhs

| Particulars | Amortised Cost | FVTPL | FVTOCI | Carrying Amount | Fair Value |
|------------------------------|----------------|-------|--------|-----------------|------------|
| Other Financial Assets | 2,564.24 | - | - | 2,564.24 | 2,564.24 |
| Financial Liabilities | | | | | |
| Borrowings | 61,845.95 | - | - | 61,845.95 | 61,845.95 |
| Trade Payables | 1,455.84 | - | - | 1,455.84 | 1,455.84 |
| Other Financial Liabilities | 2,732.41 | - | - | 2,732.41 | 2,732.41 |

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments and investment properties by valuation technique:

- Level 1 : Quoted (Unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The details of financial instruments that are measured at fair value on recurring basis are given below:

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|--|---------|---------|---------|--------|
| Financial Instruments at FVTOCI | | | | |
| Investments in listed equity securities | | | | |
| As at 31-03-2022 | 13.58 | - | - | 13.58 |
| As at 31-03-2021 | 12.19 | - | - | 12.19 |
| Investment in unlisted securities | | | | |
| As at 31-03-2022 | - | - | 147.84 | 147.84 |
| As at 31-03-2021 | - | - | 128.30 | 128.30 |
| Financial Instruments at FVTPL | | | | |
| Foreign exchange forward contracts | | | | |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

| Particulars | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|---------|---------|---------|--------|
| As at 31-03-2022 (Liability) | - | 263.57 | - | 263.57 |
| As at 31-03-2021 (Liability) | - | 80.32 | - | 80.32 |

Valuation techniques used to determine the fair value

The significant inputs used in the fair value measurement categorized within the fair value hierarchy are given below:

| Nature of Financial Instrument | Valuation Technique | Remarks |
|--|----------------------------|---|
| Investment in Listed securities / Mutual Funds | Market Value | Closing Price as at reporting date in Stock Exchange |
| Investment in Unlisted securities | Adjusted Net Assets | Net Assets value as per Balance Sheet of respective Companies as at reporting date. |
| Foreign exchange forward contracts | Mark to Market | Based on MTM valuations provided by the Banker |
| Financial Guarantee Obligation | Differential Interest Rate | Interest rates quote have been obtained from the Banker |

Note No.55**Financial Risk Management**

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework and thus established a risk management policy to identify and analyse the risk faced by the Company. Risk Management systems are reviewed by the BOD periodically to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit committee is assisted in the oversight role by Internal Audit. Internal Audit undertakes reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The Company has the following financial risks:

| Categories of Risk | Nature of Risk |
|---------------------------|--|
| Credit Risk | Receivables |
| | Financial Instruments and Cash deposits |
| Liquidity Risk | Fund Management |
| Market Risk | Foreign Currency Risk, |
| | Cash flow and fair value interest rate risk. |

The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks:

Credit Risk

Credit Risk is the risk of financial loss to the Company if the customer or counterparty to the financial instruments fails to meet its contractual obligations and arises principally from the Company's receivables, treasury operations and other operations that are in the nature of lease.

Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company extends credit to its customers in the normal course of business by considering the factors such as financial reliability of customer. The Company evaluates the concentration of the risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. In case of Corporate / Export Customer, credit risks are mitigated by way of enforceable securities. However, unsecured credits are extended based on creditworthiness of the customers on case to case basis.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company and where there is a probability of default, the company creates a provision based on Expected Credit Loss for trade receivables under simplified approach as below:

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

₹ in Lakhs

| Particulars | Due less than 45 days | 46 to 90 days | 91 to 180 days | More than 180 days | Total |
|--|-----------------------|---------------|----------------|--------------------|-----------|
| As at 31-03-2022 | | | | | |
| Gross carrying amount | 8,981.09 | 764.92 | 277.76 | 348.26 | 10,372.03 |
| Expected Loss Rate | 0% | 0% | 0% | 10.35% | 0.35% |
| Expected Credit Losses | - | - | - | 36.05 | 36.05 |
| Carrying amount of trade receivables net of impairment | 8,981.09 | 764.92 | 277.76 | 312.21 | 10,335.98 |
| As at 31-03-2021 | | | | | |
| Gross carrying amount | 5,172.01 | 1,686.44 | 405.75 | 416.84 | 7,681.04 |
| Expected Loss Rate | 0% | 0% | 0% | 0% | 0% |
| Expected Credit Losses | 0% | 0% | 0% | 0% | 0% |
| Carrying amount of trade receivables net of impairment | 5,172.01 | 1,686.44 | 405.75 | 416.84 | 7,681.04 |

Financial Instruments and Cash deposits

Investments of surplus funds are made only with the approved counterparties. The Company is presently exposed to counter party risk relating to short term and medium term deposits placed with Banks. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS*****Fund Management***

Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

Financial arrangements:

The Company has access to the following undrawn borrowing facilities:

| Particulars | ₹ In Lakhs | |
|-------------------------------------|------------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Expiring within one year | | |
| Bank Overdraft and other facilities | 14,499.01 | 30,891.93 |
| Term Loans | 28,995.83 | 3,000.00 |
| Expiring beyond year | | |
| Term Loans | - | - |

Maturities of Financial Liabilities

| Nature of Financial Liability | < 1 Year | 1 - 5 Years | >5 years | Total |
|--|-----------|-------------|----------|-----------|
| As at 31-03-2022 | | | | |
| Borrowings from Banks | 43,025.97 | 28,756.99 | 2,405.80 | 74,188.76 |
| Trade payables | 1,813.66 | - | - | 1,813.66 |
| Other Financial Liabilities (Incl. Interest) | 3,836.27 | - | - | 3,836.27 |
| As at 31-03-2021 | | | | |
| Borrowings from Banks | 31,663.08 | 25,447.75 | 4,735.12 | 61,845.95 |
| Trade payables | 1,455.84 | - | - | 1,455.84 |
| Other Financial Liabilities (Incl. Interest) | 2,732.41 | - | - | 2,732.41 |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods and borrowings in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk:

Decisions regarding borrowing in Foreign Currency and hedging thereof, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contracts / packing credit in foreign currency which acts as natural hedge against export receivable. The Company enters the above transactions, after taking into consideration the anticipated Foreign exchange inflows/outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The Company uses derivative financial instruments viz. Foreign Exchange Forward Contracts exclusively for hedging currency risks that arise from imports / exports transactions. The Company measures the risk by forecasting foreign currency cash flows and manages its currency risks by appropriately hedging the transactions. When a forward contract is entered into for the purpose of being a hedge, the Company finalizes the terms of those forward contracts to match the terms of the hedged exposure i.e. receivables / payables / Firm Commitments. All identified exposures are managed as per the policy duly approved by the Board of Director.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities / Firm Commitments as at the end of reporting periods are given below:

RAJAPALAYAM MILLS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31-03-2022
In Millions

| Type | Particulars | USD | Euro | CHF | JPY |
|---|--|-------|------|------|--------|
| Hedged Items | Financial Asset / Firm commitments related to Financial Assets (a) Trade Receivable | 3.84 | 0.98 | - | - |
| | Financial Liabilities / Firm commitments related to Financial Liabilities (a) Buyers Credit Loan | 14.44 | - | - | - |
| | (b) Contracts for import of materials | 14.86 | 8.54 | 0.83 | 440.28 |
| Hedging Instruments (Forward contracts) | Instruments for hedging the currency risk on Financial Assets (a) PCFC Loan | 3.84 | 0.98 | - | - |
| | Instruments for hedging the currency risk on Financial Liabilities (a) Forward contracts for Buyers Credit Loan | 14.44 | - | - | - |
| | (b) Forward contract for imports | 14.86 | 8.54 | 0.83 | 440.28 |
| | (c) Forward Contracts for Exports | 9.73 | 2.00 | - | - |

As at 31-03-2021
In Millions

| Type | Particulars | USD | Euro |
|---|--|------|------|
| Hedged Items | Financial Asset / Firm commitments related to Financial Assets Trade Receivable | 1.79 | 0.47 |
| | Financial Liabilities / Firm commitments related to Financial Liabilities (a) Buyers Credit Loan | 8.05 | - |
| | (b) Contracts for import of materials | 5.18 | 5.11 |
| Hedging Instruments (Forward contracts) | Instruments for hedging the currency risk on Financial Assets PCFC Loan | 1.79 | 0.47 |
| | Instruments for hedging the currency risk on Financial Liabilities (a) Forward contracts for Buyers Credit Loan | 8.05 | - |
| | (b) Forward contract for imports | 5.18 | 5.11 |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The details of foreign currency forward contracts outstanding at the end of the reporting period is given below:

| Particulars | Foreign currency (in Lakhs) | | Nominal Amount (₹ in Lakhs) | |
|-------------------------|--------------------------------|------------|--------------------------------|------------|
| | 31-03-2022 | 31-03-2021 | 31-03-2022 | 31-03-2021 |
| USD / INR buy forward | 293.04 | 132.28 | 22,210.35 | 9,670.99 |
| USD / INR sell forward | 97.29 | NIL | 7,373.67 | NIL |
| EURO / INR buy forward | 85.44 | 51.06 | 7,195.49 | 4,378.40 |
| EURO / INR sell forward | 20.01 | NIL | 1,685.24 | NIL |
| CHF / INR buy forward | 8.34 | NIL | 683.72 | NIL |
| JPY / INR buy forward | 4,402.80 | NIL | 2,736.45 | NIL |

The above forward contracts are having maturity of less than 12 months.

Cash flow and fair value interest rate risk

Interest rate risk arises from long term borrowings with variable rates which exposed the company to cash flow interest rate risk. The Company's fixed rate borrowing are carried at amortized cost and therefore are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of the change in market interest rates. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed/floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost. The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

Interest rate risk exposure

| Particulars | ₹ in Lakhs | |
|--------------------------|------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Variable rate borrowings | 74,138.76 | 61,845.95 |
| Fixed rate borrowings | 50.00 | - |

The Company does not have any interest rate swap contracts.

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Sensitivity on Interest rate fluctuation

| Incremental Interest Cost works out to | 31-03-2022 | 31-03-2021 |
|--|------------|------------|
| 1% Increase in Interest Rate | 741.39 | 618.46 |

Note No.56

Additional regulatory information as required under Companies Act 2013 / Indian Accounting Standards:

a) Trade Payables Ageing Schedule

₹ in Lakhs

| Particulars | Outstanding for following periods from due date of payment | | | | | |
|-------------------------|--|---------------|--------------|--------------|-------------|-----------------|
| | Not due | < 1 Year | 1 - 2 Years | 2 - 3 years | > 3 years | Total |
| As at 31-03-2022 | | | | | | |
| MSME | 261.25 | - | - | - | - | 261.25 |
| Others | 1,071.82 | 422.66 | 1.93 | 0.92 | 0 | 1,497.33 |
| Disputed Dues - MSME | - | - | - | - | - | - |
| Disputed Dues - Others | - | 17.52 | 20.99 | 13.20 | 3.37 | 55.08 |
| Unbilled dues | - | - | - | - | - | - |
| Total | 1,333.07 | 440.18 | 22.92 | 14.12 | 3.37 | 1,813.66 |
| As at 31-03-2021 | | | | | | |
| MSME | 224.49 | - | - | - | - | 224.49 |
| Others | 754.79 | 421.27 | 6.75 | - | - | 1,182.81 |
| Disputed Dues - MSME | - | - | - | - | - | - |
| Disputed Dues - Others | - | - | 32.81 | 15.73 | - | 48.54 |
| Unbilled dues | - | - | - | - | - | - |
| Total | 979.28 | 421.27 | 39.56 | 15.73 | - | 1,455.84 |

b) Capital Work-in-Progress Ageing Schedule

| Particulars | Amount in CWIP for a period of | | | | |
|------------------|--------------------------------|-------------|-------------|-----------|----------|
| | < 1 Year | 1 - 2 Years | 2 - 3 years | > 3 years | Total |
| As at 31-03-2022 | 3,663.27 | 44.59 | 0 | 0 | 3,707.86 |
| As at 31-03-2021 | 993.38 | 20.31 | - | - | 1,013.69 |

Note:

- (i) None of the capital-work-in-progress whose completion is overdue or has exceeded its cost compared to its original plan.
- (ii) The Company do not have any projects whose activity has been suspended

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

(iii) The Company has no intangible assets under development.

c) Trade Receivables Ageing Schedule

₹ in Lakhs

| Particulars | Outstanding for following periods from due date of payment | | | | | | Total |
|---|--|--------------------|------------------|---------------|---------------|-----------|-----------------|
| | Not Due | Less than 6 months | 6 month - 1 year | 1 - 2 Years | 2 - 3 years | > 3 years | |
| As at 31-03-2022 | | | | | | | |
| Undisputed Trade receivables - considered good | 9340.75 | 686.53 | 0.02 | 205.17 | 103.51 | 0 | 10335.98 |
| Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | 36.05 | - | - | 36.05 |
| Disputed Trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Total | 9340.75 | 686.53 | 0.02 | 241.22 | 103.51 | 0 | 10372.03 |
| As at 31-03-2021 | | | | | | | |
| Undisputed Trade receivables - considered good | 5,836.10 | 1,377.39 | 339.97 | 127.58 | - | - | 7,681.04 |
| Undisputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed Trade receivables - considered good | - | - | - | - | - | - | - |
| Disputed Trade receivables - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Total | 5,836.10 | 1,377.39 | 339.97 | 127.58 | | | 7,681.04 |

d) Details of Loans Granted to Promoters, Directors, KMPs and related parties:

| Type of the Borrower | Amount of Loan outstanding as on 31-03-2022 | % to the Total Loans and advances in the nature of Loans |
|--|---|--|
| Sri Harini Textiles Limited (a related party refer to note no. 52(b)(i)) | 950 | 58% |
| Lynks Logistics Limited (a related party refer to note no. 52(b)(i)) | 700 | 42% |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****e) Undisclosed Income**

The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the year.

f) Relationship with Struck off Companies

The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.

g) Details of Crypto Currency or Virtual Currency

The Company did not trade or invest in Crypto Currency or virtual currency during the financial year. Hence disclosure relating to it are not applicable.

h) The Company has neither advanced or loaned or invested, nor received any fund, to or from, any other person or entities (intermediaries) with the understanding that the intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or

(ii) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

i) Disclosures related to CSR activities

| Particulars | Amount (₹ in Lakhs) |
|--|-------------------------------|
| Amount required to be spent by the company during the year | NIL |
| Amount of expenditure incurred | 42.88 |
| Shortfall at the end of the year | NIL |
| Total of previous years shortfall | NIL |
| Reason for shortfall | NA |
| Nature of CSR activities | Please refer to Table-A below |
| Details of related party transactions | Please refer to Table-B below |

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Note: The Company has not made any provision related to CSR activities for the financial years 2021-22 and 2020-21.

Table – A Nature of CSR activities:

| Nature | Amount (₹ in Lakhs) |
|--|---------------------|
| Eradication of Hunger and Promotion of Healthcare including Preventive Healthcare | 14.63 |
| Promotion of Education including Special Education and Livelihood Enhancement Projects | 0.75 |
| Ensuring Environmental Sustainability | 3.34 |
| Restoration of Building and Sites of Historical Importance and Works of Art | 3.87 |
| Rural Development Project | 12.29 |
| Disaster Management – Covid Contribution | 8.00 |
| Total | 42.88 |

Table – B Details of related party transactions:

| Name of the related party | Nature of CSR activities | Amount (₹ in Lakhs) |
|------------------------------|--------------------------|---------------------|
| PACR Education Charity Trust | Promotion of Education | 0.50 |

Note No.57**Impact of Covid – 19:**

The resurgence of Covid-19 in India has forced State Government to impose complete lockdown from 24-05-2021 to 31-05-2021 and Mills were temporarily shutdown during that period. The operations and financial results for the Financial Year ended 31-03-2022 have been impacted to such extent.

Note No.58**Exceptional Items****i) Profit on sale of Investment**

The Company has decided to sell some of the investments held in the Shares of one of its associates viz. The Ramco Cements Limited as a means of finance to fund its capital expenditure for expansion of Fabric production capacity and for establishment of fabric processing unit. The

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Company has sold 4,39,736 Shares of The Ramco Cements Limited during the FY 2021-22 for a sale consideration of ₹ 3,456.57 Lakhs. After adjusting the Cost of Sale of ₹ 9.68 Lakhs and carrying Cost of Investment which comprises of initial Cost of Investment adjusted Fair value of the Investment recognized on transition of Ind AS during FY 2016-17 and Share of Profit of The Ramco Cements Limited accumulated thereafter of ₹ 2,009.08 Lakhs, the net profit of sale of Investment of ₹ 1,437.81 Lakhs (PY: NIL) has been presented in The Statement of Profit and Loss as "Profit on Sale of Investment" under Exceptional Item.

ii) Loss on Sale of Property, Plant & Equipment and Investment Property

The Company has modernized its open end machineries and sold the old machineries during the financial year 2021-22. It has also demolished a building located at Bangalore wherein the Company was having a Tissue Culture unit, the operations of the Unit were closed during the financial year 2012-13. The old machineries and scraped items from demolished building were sold for a sale consideration of ₹ 446.10 Lakhs. The WDV of old machineries and building (Investment Property) as on 31-03-2022 was ₹ 1,241.52 Lakhs. The Company has incurred loss on sale of the above old machineries and investment property to the extent of ₹ 795.42 Lakhs (PY: ₹ 276.15 Lakhs) and the same is shown as an Exceptional Items in the Statement of Profit and Loss.

Note No.59**Events after the reporting period – Distribution made and proposed**

| Particulars | ₹ in Lakhs | |
|---|------------|------------|
| | 31-03-2022 | 31-03-2021 |
| Cash Dividends on Equity Shares declared and paid | | |
| Final dividend for the year ended 31st March 2021: ₹ 0.50/- per share (PY: ₹ 1/- per share) | 43.03 | 73.76 |
| Proposed Dividends on Equity Shares | | |
| Final dividend for the year ended 31st March 2022: ₹ 1/- per share (PY: ₹ 0.50/- per share) | 86.06 | 43.03 |

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

As per our report annexed

For N.A. Jayaraman & Co.

Chartered Accountants
Firm Registration No.
001310S



R. PALANIAPPAN

Partner
Membership No. 205112

For SRSV& Associates

Chartered Accountants
Firm Registration No.
015041S



R. SUBBURAMAN

Partner
Membership No.020562



SHRI P.R. VENKETRAMA RAJA

Chairman



SMT. R. SUDARSANAM

Managing Director



B GNANAGURUSAMY

Chief Financial Officer



A ARULPRANAVAM

Secretary

Place: Rajapalayam

Date : 25-05-2022

**ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTERPRISES
CONSOLIDATED AS ASSOCIATES FOR THE YEAR 2021-22**

| Name of the Entity | Net Assets i.e. total assets minus total liabilities | | Share in Profit / Loss | | Share in Other Comprehensive Income (OCI) | | Share in Total Comprehensive Income (TCI) | |
|--|--|-------------|-------------------------------------|------------|---|------------|---|------------|
| | As % of Consolidated net assets | ₹ in Lakhs | As % of Consolidated profit or loss | ₹ in Lakhs | As % of consolidated other comprehensive income | ₹ in Lakhs | As % of total comprehensive income | ₹ in Lakhs |
| Parent | | | | | | | | |
| Rajapalayam Mills Limited | 17.82% | 37,886.09 | 11.31% | 1,883.54 | (56.20%) | 16.36 | 11.43% | 1,899.90 |
| Associates (Investments as per the Equity Method) | | | | | | | | |
| Indian | | | | | | | | |
| The Ramco Cements Limited | 73.87% | 1,57,016.37 | 82.29% | 13,707.53 | 124.08% | (36.12) | 82.22% | 13,671.41 |
| Ramco Industries Limited | 6.55% | 13,917.64 | 7.44% | 1,238.56 | 53.38% | (15.54) | 7.35% | 1,223.02 |
| Ramco Systems Limited | 1.76% | 3,734.09 | (1.03%) | (172.02) | (21.26%) | 6.19 | (1.00%) | (165.83) |

As per our report annexed

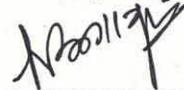
For N.A. Jayaraman & Co.
Chartered Accountants
Firm Registration No. 001310S



R. PALANIAPPAN
Partner
Membership No. 205112

Rajapalayam
25-05-2022

For SRSV & Associates,
Chartered Accountants
Firm Registration No. 015041S



R. SUBBURAMAN
Partner
Membership No. 020562

**On behalf of the Board of Directors
For RAJAPALAYAM MILLS LIMITED**



**SHRI P.R. VENKETRAMA RAJA
Chairman**



**SMT. R. SUDARSANAM
Managing Director**



**B. GNANAGURUSAMY
Chief Financial Officer**



**A. ARULPRANAVAM
Secretary**

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, non-circumstances have arisen since March 31, 2022, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

Declaration and payment of Dividend:

The Company has declared and paid a dividend of ₹ 1 per equity share for the year ended March 31, 2022. The Company has paid a total of ₹ 86.05 lakhs towards dividend to its shareholders.

Appointment of Registrar and Transfer Agent (RTA)

M/s. Cameo Corporate Services Limited has been appointed as RTA of the company w.e.f. April 20, 2022.

Reappointment of Statutory Auditors

In the meeting held on May 25, 2022, our Board of Directors has approved and recommended the reappointment of M/s. N.A. Jayaraman & Co., Chartered Accountants and M/s. SRSV & Associates, Chartered Accountants, as statutory auditor of the Company for a period of five years from the conclusion of the 86th Annual General Meeting till the conclusion of the 91st Annual General Meeting of the Company. Shareholders at their 86th Annual General Meeting had approved the re-appointment of M/s. N.A. Jayaraman & Co., Chartered Accountants and M/s. SRSV & Associates, Chartered Accountants, as statutory auditor of the Company for a period of five years from the conclusion of the 86th Annual General Meeting till the conclusion of the 91st Annual General Meeting of the Company.

Resignation of R. Sudarsanam as Managing Director

The Board of Director of the Company in its meeting dated May 25, 2022, accepted and acknowledged the resignation of R Sudarsanam as Managing Director as well as from the position of Director of the company w.e.f. May 31, 2022.

Appointment of P.V. Nirmala Raju as Managing Director

The Board of Director of the Company in its meeting dated May 25, 2022, based on the recommendation of the Nomination & Remuneration Committee and Audit Committee, approved the appointment of P.V. Nirmala Raju as Managing Director of the company for a period of 5 years w.e.f. June 01, 2022. Shareholders at their 86th Annual General Meeting had approved the appointment of P.V. Nirmala Raju as Managing Director of the company for a period of 5 years w.e.f. June 01, 2022.

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ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the Audited Consolidated Financial Statements and Limited Review Interim Unaudited Consolidated Financial Statements. For details see “*Financial Statements*” on page 88.

Accounting Ratios:

| Particulars | Based on Unaudited Consolidated Financial Results | | Based on Audited Consolidated Financial Statements | |
|--------------------------------------|--|--|--|-------------|
| | As at and for the six months ended September 30, 2022 [^] | As at and for the six months ended September 30, 2021 [^] | Fiscal 2022 | Fiscal 2021 |
| Basic earnings per share (₹) | 53 | 155 | 194 | 137 |
| Diluted earnings per share (₹) | 53 | 155 | 194 | 137 |
| Return on Net Worth (%) | 2.09 | 6.35 | 7.84 | 5.35 |
| Net Asset Value per Equity Share (₹) | 2,527.45 | 2,436.85 | 2,474.60 | 2,568.22 |
| EBITDA [#] (₹ in lakhs) | 11,066.91 | 18,780.36 | 29,839.50 | 18,158.23 |

[^] not annualised

[#]EBITDA includes share of net profit of associates, net of tax of ₹2,026.80 Lakhs and ₹11,579.11 Lakhs for the six months ended September 30, 2022 and September 30, 2021, respectively and ₹14,774.07 Lakhs and ₹13,857.80 Lakhs for Fiscal 2022 and Fiscal 2021, respectively.

[#]EBITDA includes exceptional items of ₹738.30 Lakhs and ₹(421.83) Lakhs for the six months period ended September 30, 2022 and September 30, 2021, respectively and ₹642.39 Lakhs and ₹(276.15) Lakhs for the Fiscal 2022 and Fiscal 2021, respectively.

The formula used in the computation of the above ratios are as follows:

| | |
|---|---|
| Basic earnings per share | Net Profit/(Loss) after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable / Weighted Average number of Equity Shares. |
| Diluted earnings per share | Net Profit/(Loss) after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable/ Weighted Average number of Equity Shares (including convertible securities). |
| Return on net worth (in %) | Profit/(Loss) for the Period/Year as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)/ Net worth at the end of the period / year on consolidated basis. |
| Net asset value per Equity Share | Net Worth on consolidated basis divided by the number of Equity Shares outstanding for the period/year. |
| EBITDA | Profit for the year before finance costs, tax, depreciation, and amortization, as presented in the consolidated statement of profit and loss. |

Calculation of Return of Net Worth

(₹ in lakhs, unless otherwise specified)

| Particulars | Based on Unaudited Consolidated Financial Results | | Based on Audited Consolidated Financial Statements | |
|---------------------------------------|---|---|--|-------------|
| | As at and for the six months ended September 30, 2022 | As at and for the six months ended September 30, 2021 | Fiscal 2022 | Fiscal 2021 |
| Net Profit after Tax (before OCI) (A) | 4,528.62 | 13,296.47 | 16,657.61 | 10,118.48 |
| Net Worth (B) | 2,17,094.05 | 2,09,311.46 | 2,12,554.19 | 1,89,022.92 |
| Return of Net Worth (A/B) (%) | 2.09 | 6.35 | 7.84 | 5.35 |

Calculation of Net asset value per Equity Share

(₹ in lakhs, unless otherwise specified)

| Particulars | Based on Unaudited Consolidated Financial Results | | Based on Audited Consolidated Financial Statements | |
|---|---|---|--|-------------|
| | As at and for the six months ended September 30, 2022 | As at and for the six months ended September 30, 2021 | Fiscal 2022 | Fiscal 2021 |
| Net Worth (A) (₹ in lakhs) | 2,17,094.05 | 2,09,311.46 | 2,12,554.19 | 1,89,022.92 |
| No. of Shares (B)* (in numbers) | 85,89,443 | 85,89,443 | 85,89,443 | 73,60,083 |
| Net Assets Value [(A x 100,000) / B] | 2,527.45 | 2,436.85 | 2,474.60 | 2,568.22 |

*Note: Treasury Shares adjustment computed based on holding through fellow associates

Calculation of EBITDA

(₹ in lakhs, unless otherwise specified)

| Particulars | Based on Unaudited Consolidated Financial Results | | Based on Audited Consolidated Financial Statements | |
|---|---|---|--|-------------|
| | As at and for the six months ended September 30, 2022 | As at and for the six months ended September 30, 2021 | Fiscal 2022 | Fiscal 2021 |
| Net Profit / (Loss) after Tax (Before OCI)* | 4,528.62 | 13,296.47 | 16,657.61 | 10,118.48 |
| Add: Taxes | 1,132.00 | 922.40 | 3,837.64 | (1,168.48) |
| Add: Interest | 2,595.45 | 2,093.17 | 4,295.82 | 4,448.33 |
| Add: Depreciation | 2,810.84 | 2,468.32 | 5,048.43 | 4,759.90 |
| EBITDA** | 11,066.91 | 18,780.36 | 29,839.50 | 18,158.23 |

*Includes share of Net Profit of Associates, net of tax of ₹2,026.80 Lakhs and ₹11,579.11 Lakhs for the six month ended September 30, 2022 and September 30, 2021, respectively and ₹14,774.07 Lakhs and ₹13,857.80 Lakhs for Fiscal 2022 and Fiscal 2021, respectively.

**Includes exceptional items of ₹738.30 Lakhs and ₹(421.83) Lakhs for the six months period ended September 30, 2022 and September 30, 2021, respectively and ₹642.39 Lakhs and ₹(276.15) Lakhs for the Fiscal 2022 and Fiscal 2021, respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Limited Review Unaudited Consolidated Financial Statements for the six months ended on September 30, 2022 and Audited Consolidated Financial Statements as of and for the year ended March 31, 2022 included in this Letter of Offer. Our Audited Consolidated Financial Statements for Fiscal 2022 and Limited Review Interim Consolidated Financial Statements as of and for the six months period ended September 30, 2022, were prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Consolidated Financial Statements of our Company.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward-Looking Statements" on pages 18 and 15 respectively.

Our financial year ends on March 31 of each year, so all references to a particular "financial year" and "Fiscal" are to the twelve (12) month period ended March 31 of that year. References to the "Company", "we", "us" and "our" in this chapter refer to Rajapalayam Mills Limited on a consolidated basis, as applicable in the relevant period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

We are a part of the South India-based Ramco Group, incorporated in 1936 and founded by P. A. C. Ramasamy Raja. Our Company is engaged in the business of manufacturing of yarn ranging from 4s to 345s (single/multiple yarn) and fabrics. Presently, we have four manufacturing facilities of yarn and one manufacturing facility of fabric. Our spinning units are located at Rajapalayam in Virudhunagar district and Perumalpatti in Thirunelveli district of Tamil Nadu. We have also established a fabric unit based at Rajapalayam in Virudhunagar district of Tamil Nadu in which we began the commercial production in March 2020. At present, our Company has an installed capacity of 1,51,808 spindles in Ring Spinning and 2,960 rotors in Open End Spinning. Our Company has a capacity of 154 looms with a greige fabric production capacity of 28,452 mtrs/day and are in the process of expanding our existing capacity by installing 166 additional looms with a greige production capacity of 38,897 mtrs/day under the new project which will enable the company to increase its capacity to 320 looms along with greige fabric capacity to 67,350 mtrs/day. Further, our company is in the process of establishing fabric finishing infrastructure which will enable the company to produce finished fabric of 50,000 mtrs/day. Our Company manufactures a wide range of products like Open End yarn, Ring yarn, Compact yarn, TFO yarn, Gassed yarn, Mercerised yarn, Slub yarn, Multi Count yarn, Melange yarn, Dyed Yarn, High Twist yarn, Core Spun yarn and Elitwist yarn. Our products are tailor-made to cater specific customer needs and we sell our products in domestic as well as international markets.

We are also engaged in the generation of electricity from windmills. We have an aggregate installed capacity of 35.15 megawatts (MW) wind power facilities which we use for our captive consumption, and this helps us to reduce our power costs. Our windmills are located in Dhanakkarkulam, Irukkandurai, Uthumalai, Aralvaimozhi, Chinnaputhur, Kozhumankondan, Melkaraipatty, Muthunaickenpatti district of Tamil Nadu.

P R Venketrama Raja and P V Abinav Ramasubramaniam Raja are the Promoters of our Company.

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled "Risk Factors" on page 18 of this Letter of Offer. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Impact of COVID-19 pandemic;
- Factors affecting the textile industry;
- Increasing competition in the industry;

- Ability to comply with the quality requirement of customers as well as regulatory authorities;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Limited Review Unaudited Consolidated Financial Statements and Audited Consolidated Financial Statements. For details of our significant accounting policies, please refer chapter titled “*Financial Statements*” on page 88 of this Letter of Offer.

CHANGE IN ACCOUNTING POLICIES

There has been no change in accounting policies during Fiscal 2022 and Fiscal 2021 and for six months period ended September 30, 2022.

RESERVATIONS, QUALIFICATIONS, MATTER OF EMPHASIS AND ADVERSE REMARKS/OTHER OBSERVATIONS IN CARO

The following is the summary of qualifications/ reservation /emphasis of matters/ adverse remarks / other observations in CARO in the Fiscal 2022 and for the six months period ended September 30, 2022

| Fiscal Year | Type of Financials | Qualifications / Reservation /Matter of Emphasis/ Adverse Remarks/ Other Observations in CARO | Impact on the Financial Statements of the Company |
|-------------|-----------------------------|--|---|
| Fiscal 2022 | Consolidated and Standalone | <p>Qualification / Reservation / Adverse Remarks: NIL</p> <p>Matter of Emphasis: We draw attention to Note No. 56(b) to the standalone financial statements / Note No. 57 to the consolidated financial statements, which describes the uncertainties and the impact of the COVID-19 pandemic on the company’s operations and results as assessed by the management. The Management has assessed that there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID-19 pandemic. Our opinion is not modified in respect of this matter.</p> | NIL |
| Fiscal 2022 | Standalone | <p><u>Other Observations in CARO:</u></p> <p><u>vii: Undisputed and disputed taxes and duties</u></p> <p>(b) As at 31st March, 2022 according to the records of the company, the following are the particulars of the disputed dues on account of sales tax, income tax, custom duty, wealth tax, service tax and cess, which have not been deposited on account of dispute:</p> | As per the Income Tax order u/s 154 r.w.s 143(3) dated August 11, 2022, the demand has reduced to NIL and hence no impact on profit/general reserve of the company. |

| Fiscal Year | Type of Financials | Qualifications / Reservation /Matter of Emphasis/ Adverse Remarks/ Other Observations in CARO | Impact on the Financial Statements of the Company | | | | | | | | |
|---|-----------------------------|---|--|----------------------------|---------------------------------------|--|---|----------------|---|-------|--|
| | | | (₹ in Lakhs) | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Name of the statute</th> <th>Forum where dispute is pending</th> <th>As at 31st March, 2022</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Income Tax Act</td> <td>Commissioner of Income Tax (Appeals) (for FY 17-18)</td> <td>82.49</td> </tr> </tbody> </table> | Sr. No. | Name of the statute | Forum where dispute is pending | As at 31st March, 2022 | 1 | Income Tax Act | Commissioner of Income Tax (Appeals) (for FY 17-18) | 82.49 | |
| Sr. No. | Name of the statute | Forum where dispute is pending | As at 31st March, 2022 | | | | | | | | |
| 1 | Income Tax Act | Commissioner of Income Tax (Appeals) (for FY 17-18) | 82.49 | | | | | | | | |
| Quarter and six months ended September 30, 2022 | Consolidated and Standalone | Qualification / Reservation / Adverse Remarks: NIL Matter of Emphasis: NIL | NIL | | | | | | | | |

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Revenue

Our revenue comprises of:

Revenue from operations

Revenue from operations is from the sale of products i.e., yarn, fabrics, and waste cotton. It also includes export incentives, scrap sales and job-work charges received.

Finance Income

Finance income comprises interest income on fixed deposits placed with banks and financial institutions and loans and advance given to related parties and interest element on revenue.

Other Income

Other income comprises of recurring income which includes rent income as well as certain non-recurring income such as dividend income, profit on sale of cotton, carbon credit sale, foreign exchange gain and miscellaneous income.

Expenses

Our expenses primarily comprise cost of material consumed, purchase of stock in trade, changes in inventories of finished goods and work in progress, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

Cost of material consumed

The cost of material consumed comprises of cotton and cotton waste consumed for yarn production and yarn consumed for fabric production.

Purchase of stock-in-trade

The purchase of stock-in-trade comprises of purchase of cotton yarn and fabric

Changes in inventories of Finished Goods, Stock in Trade, and Work in progress

Changes in inventories of Finished Goods, Stock in Trade, and Work in progress comprises difference in closing balance *vis-a-vis* opening balance of Finished Goods, Stock in Trade and Work in progress.

Employee benefit expenses

Employee benefit expenses consist of salaries, wages, bonus, contribution to provident fund & other funds, and staff welfare & training expenses.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loans, interest on lease liabilities. Other finance costs consist of exchange difference on foreign currency borrowing regarded as an adjustment to borrowing cost.

Depreciation and Amortization Expense

Depreciation and amortization expense comprises of depreciation on buildings, plant and machinery, electrical machinery, furniture & office equipment, vehicles, investment properties and amortization of intangible assets.

Other expenses

Other expenses comprises of manufacturing expenses, establishment expenses and selling expenses. Manufacturing expenses primarily consists of power and fuel expense, repairs to building, repairs to plant & machinery and windmill & others, packing material consumption, mercerising expenses for yarn processing, chemical consumption for fabric and job work charges. Establishment expense primarily consists of director's remuneration, rates and taxes, insurance expense, postage and telephone, printing, and stationery, travelling expense, vehicle maintenance, director sitting fees, lease rent, audit fees and legal expenses, provision for PACR memorial fund, corporate social responsibility expenses and miscellaneous expenses. Selling expenses primarily consist of sales commission, export expenses, other selling expenses, and impairment allowance for trade receivables.

Exceptional Items

Exceptional items include profit on sale of investment in associates and loss on sale of property, plant and equipment, and investment property.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Share of Net Profit of Associates, net of tax

Share of Net Profit of Associates, net of tax includes Share of Net Profit of Associate companies.

Results of our Operations

The following table sets forth certain information with respect to our consolidated results of operations for the periods indicated:

(₹ in Lakhs)

| Particulars | Six Months ended September 30, 2022 | | Six Months ended September 30, 2021 | | Fiscal 2022 | | Fiscal 2021 | |
|--|--|--------------------------|--|--------------------------|------------------|--------------------------|-------------------|--------------------------|
| | Amount | % of Total Revenue | Amount | % of Total Revenue | Amount | % of Total Revenue | Amount | % of Total Revenue |
| Revenue from Operations | 41,800.54 | 98.68% | 30,750.48 | 98.42% | 68,965.47 | 97.79% | 41,184.44 | 98.44% |
| Finance Income | 233.56 | 0.55% | 125.79 | 0.40% | 266.71 | 0.38% | 290.97 | 0.70% |
| Other Income | 324.50 | 0.77% | 366.51 | 1.18% | 1,293.79 | 1.83% | 360.80 | 0.86% |
| Total Revenue | 42,358.60 | 100.00% | 31,242.78 | 100.00% | 70,525.97 | 100.00% | 41,836.21 | 100.00% |
| Cost of material Consumed | 25,606.86 | 60.45% | 15,510.11 | 49.64% | 36,101.32 | 51.19% | 19,158.32 | 45.79% |
| Purchase of Stock in trade | 1,757.02 | 4.15% | 670.93 | 2.15% | 2,478.83 | 3.51% | 684.12 | 1.64% |
| Changes in Inventories of Finished Goods, Stock-in-Trade and Work in progress | (6,327.05) | (14.94)% | (1,433.26) | (4.59) % | (4,186.54) | (5.94)% | 3,357.18 | 8.02% |
| Employee Benefit Expense | 5,159.92 | 12.18% | 3,915.18 | 12.53% | 8,429.77 | 11.95% | 5,724.01 | 13.68% |
| Financial Costs | 2,595.45 | 6.13% | 2,093.17 | 6.70% | 4,295.82 | 6.09% | 4,448.33 | 10.63% |
| Depreciation and Amortization Expense | 2,810.84 | 6.64% | 2,468.32 | 7.90% | 5,048.43 | 7.16% | 4,759.90 | 11.38% |
| Other Expenses | 7,860.04 | 18.56% | 4,956.74 | 15.87% | 13,279.55 | 18.83% | 8,336.00 | 19.93% |
| Total Expenses | 39,463.08 | 93.16% | 28,181.19 | 90.20% | 65,447.18 | 92.80% | 46,467.86 | 111.07% |
| Profit/(Loss) from ordinary activities before exceptional items and tax | 2,895.52 | 6.84% | 3,061.59 | 9.80% | 5,078.79 | 7.20% | (4,631.65) | (11.07) % |
| Exceptional Items | 738.30 | 1.74% | (421.83) | (1.35) % | 642.39 | 0.91% | (276.15) | (0.66) % |
| Profit before tax | 3,633.82 | 8.58% | 2,639.76 | 8.45% | 5,721.18 | 8.11% | (4,907.80) | (11.73)% |
| Tax expense: | | | | | | | | |
| - Current Tax | 135.00 | 0.32% | 461.22 | 1.48% | 15.20 | 0.02% | - | - |
| - (Excess)/short provision relating to earlier years | - | - | - | - | 3,273.11 | 4.64% | - | - |
| - Deferred tax | 997.00 | 2.35% | 461.18 | 1.48% | 549.33 | 0.78% | (1,168.48) | (2.79)% |
| Net Tax expenses | 1,132.00 | 2.67% | 922.40 | 2.95% | 3,837.64 | 5.44% | (1,168.48) | (2.79)% |
| Profit/(Loss) for the period before share of profit of associates | 2,501.82 | 5.91% | 1,717.36 | 5.50% | 1,883.54 | 2.67% | (3,739.32) | (8.94)% |
| Share of Net Profit of Associates, net of tax | 2,026.80 | 4.78% | 11,579.11 | 37.06% | 14,774.07 | 20.95% | 13,857.80 | 33.12% |
| Net Profit / (Loss) after tax | 4,528.62 | 10.69% | 13,296.47 | 42.56% | 16,657.61 | 23.62% | 10,118.48 | 24.19% |

Six months ended September 30, 2022, compared to six months period ended September 30, 2021

Total Revenue

Our total revenue for the six months ended September 30, 2022, was ₹ 42,358.60 lakhs as compared to ₹ 31,242.78 lakhs for the six months ended September 30, 2021, representing an increase of 35.58%. Total revenue comprises of:

Revenue from Operations

Revenue from operations consists of revenue from sales of products and other operating income. Revenue from operations for the six months period ended September 30, 2022, was ₹ 41,800.54 lakhs as compared to ₹ 30,750.48 lakhs for the six months period ended September 30, 2021, representing an increase 35.93%. This increase was due to an increase in yarn selling price and sale of more value-added products. The increase in capacity of spinning by 18,144 spindles and looms by 32 numbers also contributed for growth.

Finance Income

Finance income primarily comprises interest from inter corporate deposits and interest element on revenue. Finance income for the six months period ended September 30, 2022, was ₹ 233.56 lakhs as compared to ₹ 125.79 lakhs representing an increase of 85.67%. The increase was due to an increase in inter corporate deposits and interest element on revenue.

Other Income

Other income primarily comprises recurring income which includes rental income as well as certain non-recurring income such as profit on sale of cotton, dividend income and miscellaneous income. Other income for the six months period ended September 30, 2022, was ₹ 324.50 lakhs as compared to ₹ 366.51 lakhs for the six months period ended September 30, 2021, representing a decrease of 11.46%. The decrease in other income was primarily on account of decrease in sale of cotton.

Expenses

Our total expenditure for the six months period ended September 30, 2022, was ₹ 39,463.08 lakhs as compared to ₹ 28,181.19 lakhs for the six months ended September 30, 2021, representing an increase of 40.03%. Total expenditure comprises of:

Cost of raw material Consumed

The cost of raw material consumed for the six months period ended September 30, 2022, was ₹ 25,606.86 lakhs as compared to ₹ 15,510.11 lakhs for the six months period ended September 30, 2021, representing an increase of 65.10%. The increase was due to increase in raw material consumption which is in line with the increase in production capacity. Further, the increase in raw-cotton price and change in mix variety of cotton used (i.e., Imported, or Indian cotton) also contributed for increase in raw material cost.

Purchase of stock in trade

The purchase of stock in trade for the six months period ended September 30, 2022, was ₹ 1,757.02 lakhs as compared to ₹ 670.93 lakhs for the six months period ended September 30, 2021. The increase was due to purchase of higher volume of trade yarn.

Changes in inventories of finished goods, stock in trade and work in progress

The changes in inventories of finished goods, stock-in-trade, and work in progress for the six months period ended September 30, 2022, were ₹ (6,327.05) lakhs as compared to ₹ (1,433.26) lakhs for the six months period ended September 30, 2021. The increase was due to a change in market condition for yarn and fabric, which resulted in incremental stock quantity.

Employee benefit expenses

Employee benefit expense for the six months period ended September 30, 2022, was ₹ 5,159.92 lakhs as compared to ₹ 3,915.18 lakhs for the six months period ended September 30, 2021, representing increase of 31.79%. The increase was due to an increase in salary, wages, and additional staff recruitment for expansion of spinning and looms capacities and general increment given to employees.

Other expenses

Other expenses for the six months period ended September 30, 2022, was ₹ 7,860.04 lakhs as compared to ₹ 4,956.74 lakhs for the six months period ended September 30, 2021, representing increase of 58.57%. The increase was due to an addition in operating cost on account of expansion of production capacity and better utilization of machinery.

Finance costs

Finance cost for the six months period ended September 30, 2022, was ₹ 2,595.45 lakhs as compared to ₹ 2,093.17 lakhs for the six months period ended September 30, 2021, representing an increase of 24.00%. The increase in finance cost was due to increased borrowing for funding the capacity expansion, incremental working capital borrowing on account of increased commodity prices and an increase in average rate of interest.

Depreciation and amortization expense

Depreciation and amortization expense for the six months period ended September 30, 2022, was ₹ 2,810.84 lakhs as compared to ₹ 2,468.32 lakhs for the six months period ended September 30, 2021, representing an increase of 13.88%. The increase was due to the expansion of spindle capacity from ~1,33,616 to ~1,51,808; looms capacity from 122 to 154 and other modernisation of plant and machinery.

Profit/(Loss) before exceptional items and Tax

The profit/(loss) before exceptional items and tax for the six months period ended September 30, 2022, was ₹ 2,895.52 lakhs as compared to ₹ 3,061.59 lakhs for the six months period ended September 30, 2021. This decrease was due to an increase in cost of material consumed, purchase of stock in trade, employee benefit expenses, finance cost and depreciation.

Exceptional items

The exceptional items for the six months period ended September 30, 2022, was ₹ 738.30 lakhs which comprise profit on sale of property, plant and equipment and investment property as compared to loss on sale of property, plant and equipment of ₹ (421.83) lakhs for the six months period ended September 30, 2021.

Profit/(Loss) before tax

The profit before tax for the period ended September 30, 2022 was ₹ 3,633.82 lakhs as compared to ₹ 2,639.76 lakhs for the six months period ended September 30, 2021. This increase was due to increased capacity of spinning and fabric, increased sales volume of value-added yarns and good demand of yarn in domestic and export markets, profit on sale of property plant and equipment & investment property.

Tax expenses

Total tax expense for the six months period ended September 30, 2022, was ₹ 1,132.00 lakhs as compared to ₹ 922.40 lakhs for the six months period ended September 30, 2021. This increase was due to an increase in deferred tax on account of an increase in profit.

Profit for the period before share of profit/(loss) of associates

Profit for the period before share of profit of associates for the six months period ended September 30, 2022, was ₹ 2,501.82 lakhs as compared to ₹ 1,717.36 lakhs for the six months period ended September 30, 2021.

Share of Net Profit of Associates, net of tax

Share of Net Profit of Associates, net of tax for the six months period ended September 30, 2022, was ₹ 2,026.80 lakhs as compared to ₹ 11,579.11 lakhs for the six months period ended September 30, 2021, representing a decrease of 82.50%.

Profit/(Loss) after tax

The profit after tax for the six months period ended September 30, 2022, was ₹ 4,528.62 lakhs as compared to ₹ 13,296.47 lakhs for the six months period ended September 30, 2021, representing a decrease of 65.94%. The decrease was due to the reasons explained above.

Fiscal 2022 compared to Fiscal 2021

Total Revenue

Our total revenue for Fiscal 2022 was ₹ 70,525.97 lakhs as compared to ₹ 41,836.21 lakhs for Fiscal 2021, representing an increase of 68.58%. Total revenue comprises of:

Revenue from operations

Our revenue from operations for Fiscal 2022 was ₹ 68,965.47 lakhs as compared to ₹ 41,184.44 lakhs for Fiscal 2021, representing an increase of 67.46%. This is primarily due to increase in utilization of plant and machineries, good demand for yarn in domestic and export markets, increased sale volume of value-added products in yarn and fabric division and increase in selling price due to cascading effect of raw-material price.

Finance income

Finance income for Fiscal 2022 was ₹ 266.71 lakhs as compared to ₹ 290.97 lakhs for Fiscal 2021, representing a decrease of 8.34%. The decrease in finance income is due to a decrease in the interest element of revenue.

Other income

Other income for Fiscal 2022 was ₹ 1293.79 lakhs as compared to ₹ 360.80 lakhs for Fiscal 2021. The increase in other income was primarily due to profit on sale of cotton, exchange gain on foreign currency transactions and sale of carbon credits.

Expenses

Our total expenditure for Fiscal 2022 was ₹ 65,447.18 lakhs as compared to ₹ 46,467.86 lakhs for Fiscal 2021, representing an increase of 40.84%. Total expenditure comprises of:

Cost of Material Consumed

The Cost of Material Consumed for Fiscal 2022 was ₹ 36,101.32 lakhs as compared to ₹ 19,158.32 lakhs for Fiscal 2021, representing an increase of 88.44%. The Cost of Material consumption increased is in line with increase in production, increase in cotton price and change in mix and varieties of cotton used in production process.

Purchase of stock in trade

The purchase of stock in trade for Fiscal 2022 was ₹ 2478.83 lakhs as compared to ₹ 684.12 lakhs for Fiscal 2021. This increase was due to an increase in volume of trade yarn purchased.

Changes in Inventories of finished goods and work in progress

The changes in inventories of finished goods and work in progress for Fiscal 2022 were (₹ 4,186.54) lakhs as compared to ₹ 3,357.18 lakhs for Fiscal 2021, primarily due to liquidation of stock on account of better market condition of yarns and fabrics.

Employee benefit expenses

Employee benefit expense for Fiscal 2022 was ₹8,429.77 lakhs as compared to ₹5,724.01 lakhs for Fiscal 2021, representing an increase of 47.27%. This increase was due to increment in salary and wages and better utilisation of plant and machineries compared to previous year where operations of the company was affected by industrial lockdown due to Covid-19 outbreak which resulted in more engagement of labours.

Other expenses

Other expenses for Fiscal 2022 were ₹13,279.55 lakhs as compared to ₹8,336.00 lakhs for Fiscal 2021, representing an increase of 59.30%. The increase was mainly due to an increase in operating cost on account of increase in utilisation of machineries compared to previous year where operations of the company was affected by industrial lockdown due to Covid-19 outbreak.

Finance cost

Finance cost for Fiscal 2022 was ₹4,295.82 lakhs as compared to ₹4,448.33 lakhs for Fiscal 2021, representing a decrease of 3.43%. The finance cost was reduced on account of various measures announced by the RBI to reduce the interest cost to support economic growth.

Depreciation and Amortization Expense

Depreciation and amortization expense for Fiscal 2022 was ₹5,048.43 lakhs as compared to ₹4,759.90 lakhs for Fiscal 2021, representing an increase of 6.06%. The increase was due to modernization of Open-End Spinning Machines, setting up a new additional Mercerization machines and expansion of spindle and fabric capacity.

Profit/(Loss) before exceptional items and tax

The profit/(loss) before exceptional items and tax for Fiscal 2022 of ₹ 5,078.79 lakhs as compared to (₹4,631.65) lakhs for Fiscal 2021. The increase was primarily on account of an increase in selling price of yarns and fabrics, good demand of yarns and fabrics and increased production volume of value-added products.

Exceptional items

Exceptional items for Fiscal 2022 was ₹ 642.39 lakhs (net) which comprises profit on sale of Investment in associates of ₹ 1,437.81 lakhs and loss on sale of property, plant & equipment, and investment property of ₹ (795.42) lakhs as compared to loss of ₹ (276.15) lakhs for Fiscal 2021 which comprises loss on sale of property, plant and equipment.

Profit/(Loss) before tax

The profit/(Loss) before tax for Fiscal 2022 was ₹ 5,721.18 lakhs as compared to ₹ (4,907.80) lakhs for Fiscal 2021. The increase was primarily on account of an increase in selling price of yarn and fabric which also led to increase in profit, good demand of yarn and fabric and increased production volume of value-added counts.

Taxation

Total tax expense for Fiscal 2022 was ₹ 3,837.64 lakhs as compared to (₹ 1,168.48) lakhs for Fiscal 2021. The Company has opted for shifting of the new tax regime u/s 115BAA of the Income Tax Act with effect from AY 2021-22. Consequently, the Company has charged off the accumulated MAT Credit entitlement for ₹ 3,273.11 lakhs and recomputed deferred tax liability in accordance with reduced tax rate which resulted in increase in tax expenses.

Profit for the period before share of profit/(loss) of associates

As a result of the aforesaid analysis, our company earned net profits for Fiscal 2022 of ₹ 1,883.54 lakhs as compared to loss of (₹ 3,739.32) lakhs for Fiscal 2021.

Share of Net Profit of Associates, net of tax

Share of Net Profit of Associates, net of tax for Fiscal 2022 was ₹ 14,774.07 lakhs as compared to ₹ 13,857.80 lakhs for Fiscal 2021, representing an increase of 6.61%. This increase was due to better performance of associates.

Profit/(Loss) after tax

The profit/(loss) after tax for Fiscal 2022 was ₹ 16,657.61 lakhs as compared to ₹ 10,118.48 lakhs for Fiscal 2021, representing an increase of 64.63%. The increase in profit was due to reasons explained above.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the chapter titled “*Risk Factors*” and chapter titled “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 18 and 92 respectively, of this Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Letter of Offer, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income except as mentioned in the chapter titled “*Risk Factors*” on page 18 of this Letter of Offer.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the chapter titled “*Risk Factors*” and chapter titled “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 18 and 92 respectively, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be predominantly determined by demand/supply situation of our products and raw materials.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to intensify. However, on account of cost reduction and cost control, consistently delivering quality products, expansion of our products offering and forward integration into production of finished fabrics, we are able to stay competitive. For further details, kindly refer the chapter titled “*Our Business*” beginning on page 74 of this Letter of Offer.

New Product or Business Segment

Except as disclosed in “*Our Business*” on page 74, we have not announced and do not expect to announce in the near future any new business segments or change our product mix.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Letter of Offer, particularly in chapter titled “*Risk Factors*” on page 18, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Related Party Transactions

For details, please see the chapter titled “*Financial Statements*” beginning on page 88.

Significant developments after March 31, 2022, that may affect our future results of operations

Other than as disclosed in this Letter of Offer, there have been no significant developments after March 31, 2022, that may affect our future results of operations. For further information, please see the chapter titled “*Material Developments*” on page 89.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as disclosed below, there is no outstanding litigation 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 pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position; and (v) other litigation, including civil or tax litigation proceedings, which involves an amount in excess of the Materiality Threshold (as defined below) considered material in terms of (a) the “Policy for Determination of Materiality of Events and Information” adopted by our Board, in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, and (b) the materiality policy adopted by the Rights Issue Committee through its resolution dated November 25, 2022, for the purpose of litigation disclosures in this Letter of Offer (“Materiality Policy”).

In this regard, please note the following:

1. Any outstanding litigation involving our Company i.e., proceedings other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in this Letter of Offer, if (i) the monetary claim involved in such proceedings is an amount equal to or exceeding 2% of the revenue from operations of the Company as per the standalone audited financial statements of the Company for the immediately preceding financial year (being ₹ 1,379.31 lakhs i.e., 2% of the ₹ 68,965.47 lakhs as on March 31, 2022) (“Materiality Threshold”), and / or (ii) is otherwise determined to be material in terms of the Materiality Policy.
2. Pre-litigation notices received by our Company from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, and material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company is impleaded as defendants in litigation proceedings before any judicial forum.

All terms defined herein in a particular litigation disclosure pertain to that litigation only.

Litigation involving our Company

There are no issues of moral turpitude or criminal liability, material violations of statutory regulations or economic offences or material pending matters involving our Company, except as follows:

A. Proceedings involving issues of moral turpitude or criminal liability

i. Criminal Litigations initiated against our Company

As on the date of this Letter of Offer, there are no criminal litigations initiated against our Company.

ii. Criminal Litigations initiated by our Company

As on the date of this Letter of Offer, there are no criminal litigations initiated by our Company.

B. Matters involving material violation of statutory regulations by our Company

As on the date of this Letter of Offer, there are no matters involving material violation of statutory regulations by our Company.

C. Economic offences where proceedings have been initiated against our Company

As on the date of this Letter of Offer, there are no economic offences initiated against our Company.

D. Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold 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

i. Civil Litigations initiated against our Company

As on the date of this Letter of Offer, there are no outstanding civil litigations initiated against our Company exceeding the materiality threshold.

ii. Civil Litigations initiated by our Company

As on the date of this Letter of Offer, there are no outstanding civil litigations initiated by our Company which exceed materiality threshold.

iii. Tax Proceedings initiated against our Company

As on the date of this Letter of Offer, there are no tax proceedings involving our Company which exceed the Materiality Threshold.

GOVERNMENT AND OTHER APPROVALS

Our Company requires various licenses, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations (“**Approvals**”) for carrying on its present business activities. These include consents to establish and operate, contract labour license for employment of contract labour at various project sites, environmental clearances, factory licenses and other applicable approvals. The requirement for such approvals for a particular project may vary based on factors such as activity being carried out at the project, legal requirement in the state in which the project is situated and stage of development of the project. 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 / under the process of obtaining necessary consents, material licenses, permissions and approvals from the governmental and regulatory authorities that are required for the Objects of this Issue. The same has been disclosed below:-

| Sr. No. | Name of Authority | Type of License / Approval | License No. | Date of Approval / Certificate | Validity | Current Status |
|---------|--|---|---|--------------------------------|------------------|----------------|
| 1. | Tamil Nadu Pollution Control Board | Consent for Establishment – Air (Prevention and control of Pollution) Act, 1981 | 2201242735617 | May 11, 2022 | March 31, 2027 | - |
| 2. | Tamil Nadu Pollution Control Board | Consent for Establishment – Water (Prevention and control of Pollution) Act, 1974 | 2201142735617 | May 11, 2022 | March 31, 2027 | - |
| 3. | Tamil Nadu Pollution Control Board | Consent for Operate – Air (Prevention and control of Pollution) Act, 1981 | 2206242914655 | November 21, 2022 | March 31, 2027 | - |
| 4. | Tamil Nadu Pollution Control Board | Consent for Operate – Water (Prevention and control of Pollution) Act, 1974 | 2206142914655 | November 21, 2022 | March 31, 2027 | - |
| 5 | Fire NOC | District officer, Fire and Rescue Services | 743/2022 | January 27, 2022 | January 26, 2023 | - |
| 6. | Joint Director (BOCW) Industrial Safety and Health | Contract Labour Registration - Contract Labour (Regulation & Abolition) Act, 1970 | CLR/TV/1/2022 | April 25, 2022 | April 01, 2023 | - |
| 7. | Joint Director (BOCW) Industrial Safety and Health | Building and Other Construction Workers Registration | BOCW/VN/05/2022 | April 25, 2022 | April 01, 2023 | - |
| 8. | Joint Director (BOCW) Industrial Safety and Health | Inter-State Migrant Workmen Registration - The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 | ISM/VN/02/2022 | April 25, 2022 | April 01, 2023 | - |
| 9. | TANGEDCO | Power Feasibility certificate/ sanction of power supply Power Connection - | Lr.No.SE/VREDC/V DR/AEEGL/AE I/F.NEW HT SC/22-23/ D.NO.1067/22, | - | - | - |

| Sr. No. | Name of Authority | Type of License / Approval | License No. | Date of Approval / Certificate | Validity | Current Status |
|---------|--|--|--|--------------------------------|----------|----------------|
| | | 110 KV EB Load - tie up approval | DATED 05-09-2022 | | | |
| 10. | Chief Electrical Inspectorate - Department of Energy | Electrical Inspectorate statutory approval for drawings (Approval) | VNR2156/CEIG/D4/DRG/2022 dated 18-10-2022 | - | - | - |
| 11. | Director of Boilers | Permission for Commissioning Boiler | Lr.No.BL2/ FVPL-21-3662/3710/2022 dated 29-07-2022 | July 29, 2022 | - | - |
| 12 | Director of Town and Country Planning | Building approvals – plan Fabric Processing | 21896/2022/ dated 05-11-2022 | November 5, 2022 | - | - |
| 13. | Joint Director Industrial Safety and Health | Factory License - Factory Act, 1948 | - | - | - | To be obtained |
| 14. | Director of Town and Country Planning | Building plan approvals – Weaving | - | - | - | To be obtained |

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held January 27, 2022 pursuant to Section 62(1) (a) and other applicable provisions of the Companies Act, 2013.

The Rights Issue Committee has, at its meeting held on December 20, 2022 determined the Issue Price of ₹ 569 per Rights Equity Share (including a premium of ₹ 559 per Rights Equity Share), in consultation with the Lead Manager, and the Rights Entitlement as 1 (One) Rights Equity Share for every 14 (Fourteen) fully paid up Equity Shares held on the Record Date.

Our Company has received ‘in-principle’ approval from BSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to its letter dated December 13, 2022. Our Company will also make application to BSE to obtain trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circular.

Our Company has been allotted the ISIN INE296E20026 for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see “*Terms of the Issue*” on page 114.

Prohibition by the SEBI

Our Company, our Promoters, our Promoter Group or our Directors have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies with which our Promoters or our Directors are associated as promoter or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI.

Neither our Promoters nor our Directors have been declared as Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Association of our Directors with the securities market

None of our Directors, in any manner, are associated with the securities market.

Prohibition by RBI

Neither our Company nor Promoters or our Directors have been or are identified or categorized as Wilful Defaulters or Fraudulent Borrower.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Indian Companies Act, 1913. Our Equity Shares are presently listed on BSE. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulation 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. Our Company has made application to BSE and has received its in-principle approval for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE Limited is the Designated Stock Exchange for the purpose of the Issue.

Compliance with Regulations 99 of the SEBI ICDR Regulations

Our Company satisfies conditions stipulated below in terms of Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a ‘fast track issue’:

- (i) The Equity Shares of our Company have been listed on BSE Limited, a recognised Stock Exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (ii) The entire shareholding of Promoter Group of the Company is held in dematerialised form as on the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (iii) The average market capitalisation of the public shareholding of the Company is at least ₹ 25,000 lakhs.
- (iv) The annualised trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of the Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six months' period.
- (v) The annualised delivery based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of the Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualised trading turnover of Equity Shares listed during such six months' period.
- (vi) Our Company has been in compliance with the Listing Agreement, the provisions of SEBI Listing Regulations, as applicable, including with respect to the composition of the Board, for a period of at least three years immediately preceding the date of the Letter of Offer with the Designated Stock Exchange.
- (vii) Our Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (viii) No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company or its Promoters or whole-time directors, as on the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (ix) Neither the Company nor our Promoters nor members of the Promoter Group nor any of our Directors have settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during three years immediately date of filing of the Letter of Offer with the Designated Stock Exchange.
- (x) The Equity Shares have not been suspended from trading as a disciplinary measure during the last three years immediately preceding the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (xi) There is no conflict of interest between the Lead Manager and our Company or its group companies in accordance with applicable regulations.
- (xii) Our Promoters and Promoter Group *vide* their letter dated November 23, 2022 (“**Subscription Letter**”), have indicated that they, jointly and/or severally, shall subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group shall subscribe to, additional Rights Equity Shares over and above their Rights Entitlements for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars and subscribe to unsubscribed portion of the Issue, if any.
- (xiii) There are no audit qualifications on the audited accounts of the Company in respect of those financial years for which such accounts are disclosed in this Letter of Offer.

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 SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the website of BSE; and

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, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS 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. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 6, 2023, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE SUBJECT ISSUE;**
2. **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - a. **THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
 - b. **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. **THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
3. **BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID-COMPLIED WITH**
4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO**

FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE

5. **WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE**
6. **ALL APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE**
7. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE - NOT APPLICABLE, BEING A RIGHTS ISSUE**
8. **NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGE, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**
9. **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE**
10. **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**
 - a. **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES - COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND**
 - b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI – COMPLIED WITH**
11. **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 - NOTED FOR COMPLIANCE**
12. **IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS, 2018–NOT APPLICABLE**
13. **NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN**

DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY–COMPLIED WITH

- 14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER– COMPLIED WITH**
- 15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS–NOTED FOR COMPLINACE**
- 16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – COMPLIED WITH AND NOTED FOR COMPLIANCE**
- 17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY – COMPLIED WITH**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this 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 and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Tamil Nadu, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

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 December 13, 2022 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.

Selling Restrictions

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue Materials. Further, the Letter of Offer will be provided through e-mail by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. 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, the Lead Manager, and the Stock Exchange, subject to the applicable law.

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

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

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

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

The contents of this Letter of Offer and Abridged Letter of Offer should not be construed as business, legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager nor any of their respective affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares or the Rights Entitlements regarding the legality of an investment in the Rights Equity Shares or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("**Securities Act**"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("**United States**" or "**U.S.**") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("**Regulation S**"), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this 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.

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

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

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

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

Filing

This Letter of Offer is being filed with Designated Stock Exchange and with SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. All investor grievances received by us have been handled by the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Cameo Corporate Services Limited is our Registrar to the Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investor Grievances arising out of this Issue:

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue i.e., Cameo Corporate Services Limited. The agreement between the Company and the Registrar provides for a period for which records shall be retained by the Registrar in order to enable the Registrar to redress grievances of Investors.

Investors may contact the Registrar or our Compliance Officer for any Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs , giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please see “Terms of the Issue” on page 114.

Investors may contact the Registrar to the Issue at:

Cameo Corporate Services Limited

Subramanian Building, No. 1, Club House Road,
Chennai - 600 002, Tamil Nadu, India

Telephone: + 91-44-40020700;

Email: priya@cameoindia.com

Website: www.cameoindia.com

Investor Grievance Email: investor@cameoindia.com

Contact Person: Ms. K. Sreepriya

SEBI Registration Number: INR000003753

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

A. Arulpranavam is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

A. Arulpranavam

Rajapalayam Mills Premises,

Post Box No. 1,

P.A.C. Ramaswamy Road, Rajapalayam – 626117,

Tamil Nadu, India

Telephone: +91 4563-235666

E-mail: investorgrievance@ramcotex.com

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer.

Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

Investors are requested to note that application in this Issue can only be made through ASBA facility, in case of Eligible Equity Shareholder.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice or security certificate and rules as may be applicable and introduced from time to time.

Important:

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circular, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent / dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and 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 the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent / dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this 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 laws) on the websites of:

1. Our Company at www.rajapalayammills.co.in;
2. The Registrar at <https://rights.cameoindia.com/Rajapalayam1>;
3. The Lead Manager *i.e.*, Vivro Financial Services Private Limited at www.vivro.net
4. The Stock Exchange www.bseindia.com; and

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

Shareholders who have not received the Application Form may apply, along with the requisite Application Money, by using the Application Form available on the websites above, or on plain paper, with the same details as mentioned in the Application Form available online.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam1>), by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), PAN and such other credentials. The link for the same shall also be available on the website of our Company (i.e., www.rajapalayammills.co.in)

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without the requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the 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, see "*Terms of the Issue - Making an Application through the ASBA process*" on page 116.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "*Term of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 128.

Please note that one single Application Form shall be used by 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 submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account 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 made with payment using third party bank accounts are liable to 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). Please note that incorrect depository account details or PAN, or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see “*Terms of the Issue - Grounds for Technical Rejection*” on page 124. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that 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. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected. Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, 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. For details, see “*Terms of the Issue - Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 118.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

1. Apply for its Rights Equity Shares to the full extent of its Rights Entitlements (including acquired REs); or
2. Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
3. Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
4. Apply for its Rights Equity Shares to the full extent of its Rights Entitlements (including acquired REs) and apply for additional Equity Shares; or
5. Renounce its Rights Entitlements in full.

Making an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with a SCSB prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online / electronic Application through the website of the SCSBs (if made available by such SCSB) for

authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

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>.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be responsible for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Do's for Investors applying through ASBA

1. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
2. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated, as the Rights Equity Shares will be allotted in the dematerialized form only.
3. 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.
4. 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.
5. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
6. Ensure that you have a bank account with a SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
7. 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.
8. 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

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

2. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
3. Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
4. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
5. Do not submit Application Form using third party ASBA account.

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 authorising 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 Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the heading “*Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 118.

Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the websites of the Registrar, Stock Exchange or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India.

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. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Rajapalayam Mills Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) / DP and Client ID;

4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option - only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹ 569 per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at priya@cameoindia.com; and
17. All such Eligible Equity Shareholders are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. 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), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold only in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (Regulation S) to existing shareholders who are located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it

is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in “Restrictions on Purchases and Resales” on page 143.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States.

I/ We acknowledge that we, the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor.

The plain paper Application format will be available on the website of the Registrar at <https://rights.cameoindia.com/Rajapalayam1>. Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Making an Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish details of their demat account to the Registrar or our Company at least 2 Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder. For further details, see “*Terms of the Issue – Credit of Rights Entitlement in dematerialised account of Eligible Equity Shareholders*” on page 128.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than 2 Working Days prior to the Issue Closing Date;
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least 1 day before the Issue Closing Date; and
3. The remaining procedure for Application shall be same as set out in “*Terms of the Issue - Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 118.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. 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 Equity Shares while submitting the Application through ASBA process.

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.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Terms of the Issue - Basis of Allotment*” beginning on page 137.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, 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.

Additional general instructions for Investors in relation to making an Application

1. Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
2. The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
3. Application should be made only through the ASBA facility.

4. 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.
5. In accordance with the Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Circular and ASBA Circular, an Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with a SCSB, prior to making the Application.
6. Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this 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.
7. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under "*Terms of the Issue - Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 118.
8. Applications should be submitted to the Designated Branch of the SCSB or made online / electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
9. 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.
10. Applications should not be submitted to the Banker to the Issue, our Company or the Registrar or the Lead Manager.
11. 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, 1961, 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.
12. 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 Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match 3 parameters i.e., (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.

13. By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
14. 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.
15. Investors should provide correct DP ID and Client ID / Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID should match the demat account details in the records available with Company and / or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.
16. 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.
17. All communication in connection with Application for the Rights Equity Shares, including any change in contact details 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 number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) / DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details 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.
18. Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
19. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
20. Do not submit the General Index Registrar number instead of the PAN as the application is liable to be rejected on this ground.
21. Avoid applying on the Issue Closing Date due to risk of delay / restrictions in making any physical Application.
22. Do not pay the Application Money in cash, by money order, pay order or postal order.
23. Do not submit multiple Applications.
24. In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is effected in contravention of this, the Application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
25. No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

26. An Applicant being an Overseas Corporate Body (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 FEMA Rules.
27. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

1. DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar
2. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
3. Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
4. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
5. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to a regulatory order.
6. Account holder not signing the Application or declaration mentioned therein.
7. Submission of more than one Application Form for Rights Entitlements available in a particular demat account
8. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
9. Submitting the General Index Registrar 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).
10. 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.
11. Applications by SCSB on its own account, other than through an ASBA Account in its own name with any other SCSB.
12. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
13. Physical Application Forms not duly signed by the sole or joint Investors, as applicable
14. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
15. 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
16. We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserve the right to treat invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or 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 in respect of any such Application Form.

17. Applications which have evidence of being executed or made in contravention of applicable securities laws.
18. Applicants holding physical shares not submitting the documents. For further details, see “*Terms of the Issue - Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 120.
19. Application from investors who do not hold Rights Entitlement (REs) as on issue closing date in the demat account from which application is submitted
20. 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).
21. Application from Resident of countries which shares the border of India which is not having documentary evidence of approval from Ministry of Home Affairs.
22. Applications supported by amounts blocked from a third party bank account.
23. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar/Depositories

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with / without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “*Procedure for Applications by Mutual Funds*” on page 127.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoters to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure*” on page 41.

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 re-classified as FDI subject to the conditions as specified by SEBI and 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 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. 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 (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- a. Such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b. Prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and the SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to a rights issue. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, 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 a rights issue. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCsBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any Allotments made by relying on such approvals.

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 Circular 2020 has been recently amended to state that all investments by entities incorporated in a country which shares a 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. 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 and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (NBFC-SI)

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of Reserve Bank of India Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is, Tuesday, February 7, 2023, i.e., Issue Closing Date. Our Board or Rights Issue Committee 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 a SCSB, uploaded with the Stock Exchange 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 Rights Issue Committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or Rights Issue Committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as set out in entitled “*Terms of the Issue - Basis of Allotment*” on page 137.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, 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.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form 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 on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements (ISIN: INE296E20026)

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialized form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of the Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam1>) by entering their DP ID and Client ID and PAN. The link for the same shall also be available on the website of our Company (i.e., www.rajapalayammills.co.in).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for subscription of Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on the 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 2 Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam1>). 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 or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, refer chapter titled “*Notice to Investors*” on page 11.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company in the name of “*Rajapalayam Mills Limited*”, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares

which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

In this regard, our Company has made necessary arrangements with CDSL and NSDL for crediting the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE296E20026. The ISIN for the Rights Entitlements shall remain frozen (for debit) until the Issue Opening Date. The ISIN for the Rights Entitlements shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details / records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than 2 Working Days prior to the Issue Closing Date, i.e., by Friday, February 3, 2023 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least 1 day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, *PER SE*, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE “PROCESS OF MAKING AN APPLICATION IN THE ISSUE” ON PAGE 115.

RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer.

In accordance with SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar

or our Company at least two Working Days prior to Issue Closing Date, will not be able to renounce their Right Entitlements.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange (**On Market Renunciation**); or (b) through an off-market transfer (**Off Market Renunciation**), 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.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE296E20026 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Wednesday, January 18, 2023 to Thursday, February 2, 2023 (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 INE296E20026 and indicating the details of the Rights Entitlements they intend to trade. 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 basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchange and SEBI.

Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

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

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 INE296E20026, 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 CDSL and NSDL from time to time.

MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

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. 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 in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

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.

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

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their addresses if they have provided their Indian address to our Company and if they are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. This Letter of Offer will be provided by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act, 1961. 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 Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents / NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be 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.

BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see “*The Issue*” on page 35.

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 ₹ 569 per Rights Equity Share (including a premium of ₹ 559 per Rights Equity Share) in this Issue.

The Issue Price for the Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 14 (Fourteen) Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 14 (Fourteen) Equity Shares held as on the Record Date. As per the SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 14 (Fourteen) Equity Shares or is not in the multiple of 14 (Fourteen) Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for the Additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 25 (Twenty Five) Equity Shares, such Equity Shareholder will be entitled to 1 (One) Rights Equity Share and will also be given a preferential consideration for the Allotment of 1 (One) additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 14 (Fourteen) Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for the Additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for the Additional Rights Equity Shares, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government and other statutory and regulatory authorities from time to time, the terms of the Listing Agreement 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 under this Issue shall, upon being fully paid up, rank pari passu with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received

in principle approval from the BSE through letter bearing reference number DCS/RIGHT/CP/FIP/2913/2022-23 dated December 13, 2022.

Our Company will apply to the Stock Exchange 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 this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532503) The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing / trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the existing ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule. In case our Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within 4 days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded / unblocked within 4 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 4th day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter

For details of the intent and extent of subscription by our Promoter, see “*Capital Structure - Intention and extent of participation by our Promoter*” on page 41.

Rights of Holders of the Rights Equity Shares of our Company

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

1. The right to receive dividend, if declared;
2. The right to vote in person, or by proxy, except in case of the Rights Equity Shares credited to the demat;
3. The right to receive surplus on liquidation;
4. The right to free transferability of the Rights Equity Shares;
5. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and
6. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where 2 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 the Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent / dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and 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 the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent / dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Tamil language daily newspaper with wide circulation (Tamil being the regional language of Rajapalayam, where our Registered Office is situated).

This 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.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including Additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for Allotment of the Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of the Rights Equity Shares and issue of the Rights Entitlement Letters / letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar, at priya@cameoindia.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such Allotments made by relying on such approvals.

In accordance with the SEBI ICDR Regulations, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent / dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and 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 the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent / dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this 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 laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchange. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which the Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to priya@cameoindia.com.

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “TERMS OF THE ISSUE - ALLOTMENT ADVICE OR REFUND / UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 138.

ISSUE SCHEDULE

| Particulars | Day and Date |
|--|-----------------------------|
| Last Date for credit of the Rights Entitlements | Tuesday, January 17, 2023 |
| Issue Opening Date | Wednesday, January 18, 2023 |
| Last Date for On Market Renunciation of the Rights Entitlements[#] | Thursday, February 2, 2023 |
| Issue Closing Date* | Tuesday, February 7, 2023 |
| Finalization of Basis of Allotment (on or about) | Tuesday, February 14, 2023 |
| Date of Allotment (on or about) | Thursday, February 16, 2023 |
| Date of credit (on or about) | Monday, February 20, 2023 |
| Date of listing (on or about) | Thursday, February 23, 2023 |

[#] 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 the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. 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 or the Lead Manager. 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 2 Working Days prior to the Issue Closing Date, i.e., Friday, February 3, 2023 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 1 day before the Issue Closing Date, i.e., Monday, February 6, 2023. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam1>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam1>) 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.rajapalayammills.co.in).

BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Equity Shares in the following order of priority:

1. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
2. Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with 'zero' entitlement, would be given preference in allotment of 1 additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (1) above. If number of Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (1) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
3. Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Rights Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (1) and (2) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
4. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (1), (2) and (3) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
5. Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (1), (2), (3) and (4) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (1) to (5) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the BSE, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

ALLOTMENT ADVICE OR REFUND / UNBLOCKING OF ASBA ACCOUNTS

Our Company will send / dispatch Allotment advice, refund intimations (or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret 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 Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised 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 on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

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 an e-mail, to the e-mail 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, unblocking 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 Rights Equity Shares in the Issue 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 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 OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT / CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST 2 WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated October 4, 2001 with CDSL and an agreement dated December 29, 2001 with NSDL 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. Further, our company has also entered into two agreements with respective Depositories and the Registrar to the Issue:-

- a) Tripartite agreement dated April 20, 2022 amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated April 20, 2022 amongst our Company, CDSL and the Registrar to the Issue

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-à-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 the Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Rights Equity Shares in physical form / with IEPF authority / in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice / refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10.00 lakhs or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than 6 months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than 3 years) and fine of an amount not less than the amount involved in the fraud, extending up to 3 times of such amount. Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than 3 years. In case the fraud involves (i) an amount which is less than ₹ 10.00 lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to 5 years or a fine of an amount extending up to ₹ 50.00 lakhs or with both.

UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken by our Board within the timeline specified by SEBI.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications.
7. At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.

8. 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.
9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
10. 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.

INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer, carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "*Rajapalayam Mills Limited - Rights Issue*" on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

Cameo Corporate Services Limited

Unit: Rajapalayam Mills Limited - Rights Issue

Subramanian Building, No. 1, Club House Road, Chennai - 600 002, Tamil Nadu, India

Telephone: + 91-44-28460390/ +91-44-40020700 - 0710;

Email: priya@cameoindia.com;

Website: www.cameoindia.com / <https://rights.cameoindia.com/rajapalayam1>

Investor Grievance Email: investor@cameoindia.com

Contact Person: Ms. K. Sreepriya

SEBI Registration Number: INR000003753

3. The Investors can visit following links for the below-mentioned purposes:
 - a) Frequently asked questions are available on the website of the Registrar (<https://rights.cameoindia.com/Rajapalayam1>) or call helpline numbers (+91 73388 08559 and +91 44 - 40020710) and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.cameoindia.com/Rajapalayam1>
 - b) Updation of Indian address/ email address/ mobile number in the records maintained by the Registrar or our Company: <https://rights.cameoindia.com/Rajapalayam1>
 - c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.cameoindia.com/Rajapalayam1>
 - d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: priya@cameoindia.com

This Issue will remain open for a minimum 7 days. Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (FDI) through press notes and press releases.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (FDI Circular 2020), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Circular 2020 and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Circular 2020; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any Allotments made by relying on such approvals.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

In terms of Rule 6(a) of FEM (NDI) Rules, 2019 (inserted vide amendment dated April 22, 2020), investment from countries sharing land border with India requires Government approval

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

RESTRICTIONS ON PURCHASES AND REALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with the Stock Exchange.

The Rights Entitlements and the Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of the Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or the Equity Shares shall do so in accordance with the restrictions set out below.

Cayman Islands

This Letter of Offer does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Rights Entitlements and the Rights Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

European Economic Area (EEA) and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a Relevant State), no Rights Entitlement or Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlement or Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlement or the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017 / 1129 (and any amendment thereto) (Prospectus Regulation):

1. To any legal entity that is a qualified investor, as defined in the Prospectus Regulation;
2. To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of our Company for any such offer; or
3. In any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of the Rights Entitlement or the Rights Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation. Each person who initially acquires any Rights Entitlement or the Rights Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Lead Manager and the Company that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

In case any of the Rights Entitlement or the Rights Equity Shares are being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will also be deemed

to have represented, acknowledged and agreed that the Rights Equity Shares have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to persons in circumstances which may give rise to an offer of the Rights Equity Shares to the public other than their offer or resale in a Relevant State to the qualified investors (as so defined) or in circumstances in which the prior consent of our Company has been obtained to each such proposed offer or resale.

For the purposes of this section, the expression an ‘offer to the public’ in relation to any Rights Entitlement or rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Rights Entitlement or the Rights Equity Shares so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or the Rights Equity Shares. Our Company, the Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

United Kingdom

In the United Kingdom, this Letter of Offer and any investment or investment activity to which this Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; (ii) fall within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or (iii) to whom it can otherwise lawfully be communicated (all such persons together be referred to as relevant persons). Persons who are not relevant persons should not take any action on the basis of this Letter of Offer and should not act or rely on it or any of its contents.

Hong Kong

The Rights Entitlement or Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (CO), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (SFO) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” within the meaning of the CO and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

This Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Letter of Offer has not been, and will not be, registered as a “prospectus” in Hong Kong under the CO nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the SFO. Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Letter of Offer, they should obtain independent professional advice.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlement or the Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Rights Entitlement or the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to the Professional Investors.

No person who has received a copy of this Letter of Offer may issue, circulate or distribute this Letter of Offer in Hong Kong or make or give a copy of this Letter of Offer to any other person. No person allotted the Rights Equity Shares may sell, or offer to sell, such Rights Equity Shares to the public in Hong Kong within 6 months following the date of issue of such Rights Equity Shares.

Mauritius

Neither the Rights Entitlements nor the Rights Equity Shares may be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including

but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

Singapore

This Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (SFA). The offer of the Rights Entitlements and the Rights Equity Shares pursuant to the Rights Entitlements to the Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

The Eligible Equity Shareholders in Singapore may apply for the Additional Rights Equity Shares over and above their Rights Entitlements only: (i) if they are an “institutional investor” within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274 of the SFA; (ii) if they are a relevant person pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any Additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 of the SFA except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA or to any person arising from referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (b) where no consideration is or will be given for the transfer; (c) where the transfer is by operation of law; (d) as specified in Section 276(7) of the SFA; or (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore, our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are ‘prescribed capital markets products’ (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged or transferred in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state of the United States. The Rights Entitlements and the Rights Equity Shares are being offered and sold only to persons outside the United States in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

For investors outside the United States

Each person accepting the Rights Entitlements and subscribing to the Rights Equity Shares outside the United States shall be deemed to have represented, warranted, agreed and acknowledged as follows:

1. It is entitled to accept the Rights Entitlements and subscribe to the Rights Equity Shares under the laws of all relevant jurisdictions that apply to it and that it has fully observed such laws and has complied with all necessary formalities to enable it to accept the Rights Entitlements and subscribe to the Rights Equity Shares;

2. It was outside the United States at the time the offer of the Rights Entitlements and the Rights Equity Shares was made to it and it was outside the United States when its buy order for the Rights Entitlements (if applicable) and the Rights Equity Shares was originated;
3. It did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any “directed selling efforts” (as defined in Regulation S);
4. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to it is made in reliance on the Regulation S;
5. It will not offer, sell or otherwise transfer the Rights Entitlements except in India in a transaction complying with Rule 903 or Rule 904 of the Regulation S;
6. It subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, it shall only offer, sell, pledge or otherwise transfer such Equity Shares: (a) outside the United States in a transaction complying with Rule 903 or Rule 904 of the Regulation S and in accordance with all applicable laws of any other jurisdiction, including India; or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws;
7. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, it: (a) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (b) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (c) will have possessed and carefully read and reviewed all information relating to our Company and the Rights Entitlements and the Rights Equity Shares that it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (d) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, Lead Manager or its affiliates (including any research reports) (other than with respect to our Company and any information contained in this Letter of Offer); and (e) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of the Rights Equity Shares being subscribed.
8. Without limiting the generality of the foregoing, it acknowledges that: (a) the Equity Shares are listed on BSE and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE and NSE (which includes, but is not limited to, a description of the nature of our Company’s business and our Company’s most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports, which collectively constitutes Exchange Information), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (b) neither our Company nor the Lead Manager or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
9. It acknowledges that: (a) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, Information), has been prepared solely by our Company; and (b) none of the Lead Manager or any of its affiliates has verified the Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager or its affiliates.

10. It will not hold our Company and the Lead Manager or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.
11. It understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in connection with this Issue and, in particular, is not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue, the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.
12. It understands and acknowledges that the Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements or the Rights Equity Shares.
13. If it acquired any of the Rights Entitlements or Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;
14. It shall indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Entitlements and Rights Equity Shares; and
15. It acknowledges that our Company, the Lead Manager and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to 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 these documents for inspection referred to hereunder, would be available at our Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated November 28, 2022 between our Company and the Lead Manager.
2. Registrar Agreement dated November 28, 2022 between our Company and the Registrar to the Issue.
3. Bankers to the Issue Agreement dated January 3, 2023 among our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
4. Tripartite Agreement dated April 20, 2022 between our Company, NSDL and Registrar to the Issue.
5. Tripartite Agreement dated April 20, 2022 between our Company, CDSL and Registrar to the Issue.

B. Material Documents in Relation to the Issue

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated February 24, 1936.
3. Certificate of commencement of business dated December 22, 1936.
4. Copies of annual report of our Company for Fiscals 2022, 2021 2020, 2019 and 2018.
5. Resolution of our Board dated January 27, 2022 approving the Issue.
6. Resolution of the Rights Issue Committee dated December 20, 2022, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
7. Consents of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Lead Manager, Bankers to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
8. The audit report dated May 25, 2022 of the Statutory Auditors along with the Audited Consolidated Financial Statements included in this Letter of Offer.
9. The Limited Review Report dated October 31, 2022 of the Statutory Auditors along with the Unaudited Consolidated Financial Statements Results.
10. Statement of Special Tax Benefits dated November 29, 2022 from the Statutory Auditors.
11. Bipartite Agreement dated December 29, 2001 between our Company and NSDL.
12. Bipartite Agreement dated October 4, 2001 between our Company and CDSL.
13. In-principle approval issued by the BSE dated December 13, 2022 under Regulation 28(1) of the SEBI Listing Regulations.
14. Due diligence certificate dated January 6, 2023, addressed to SEBI from the Lead Manager.

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 notice to the Eligible Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P R Venketrana Raja
Chairman (Non-Executive Director)

Date: January 6, 2023

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P V Nirmala Raju
Managing Director

Date: January 6, 2023

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Arrakundal Velayutha Raja Dharmakrishnan
Non-Executive Director

Date: January 6, 2023

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

S. S. Ramachandra Raja
Non-Executive Director

Date: January 6, 2023

Place: Rajapalayam

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P V Abinav Ramasubramaniam Raja
Non-Executive Director

Date: January 6, 2023

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

N K Ramasuwami Raja
Independent Director

Date: January 6, 2023

Place: Rajapalayam

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P. P. S. Janarthana Raja
Independent Director

Date: January 6, 2023

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vaidyanathan Santhanaraman
Independent Director

Date: January 6, 2023

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kokku Bhaskara Nagendra Murthy
Independent Director

Date: January 6, 2023

Place: Apex, North Carolina, USA

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Soundara Kumar
Independent Director

Date: January 6, 2023

Place: Coimbatore

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Alaghar Rajha P A S
Independent Director

Date: January 6, 2023

Place: Rajapalayam

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

B Gnanagurusamy
Chief Financial Officer

Date: January 6, 2023

Place: Rajapalayam