



#### GARMENT MANTRA LIFESTYLE LIMITED

Our Company was originally incorporated as 'Junction Fabrics and Apparels Private Limited' on November 15, 2011 as a private limited company, under the Companies Act, 1956 and a certificate of incorporation was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a resolution passed by our Shareholders in the EGM held on March 05, 2015 and consequently, the name of our Company was changed to 'Junction Fabrics and Apparels Limited' and a fresh certificate of incorporation dated March 24, 2015 was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. Subsequently, the name of our Company was changed to 'Garment Mantra Lifestyle Limited' pursuant to a resolution passed by our Shareholders in the EGM held on January 4, 2020, and a fresh certificate of incorporation dated March 16, 2020 was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. For details in relation to the change in Registered Office of our Company, see 'General Information' on page 49.

**Registered and Corporate Office:** No. 15, Murthy's Plaza, Karia Gounder Street, Khaderpet, Tirupur – 641 601, Tamil Nadu, India;

**Tel:** +91-421-4336896; **Facsimile:** NA

**E-mail:** accounts@junctionfabrics.in; **Website:** [www.garmentmantra.com](http://www.garmentmantra.com);

**Contact Person:** Lakshmi Priya. K, Company Secretary and Compliance Officer;

**Corporate Identification Number:** L18101TZ2011PLC017586

**PROMOTERS OF OUR COMPANY: PREM AGGARWAL AND SHIKHA AGGARWAL**

**FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF GARMENT MANTRA LIFESTYLE LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY**

**WE HEREBY CONFIRM THAT NEITHER OUR COMPANY NOR OUR PROMOTERS OR ANY OF OUR DIRECTORS ARE IDENTIFIED AS WILFUL DEFAULTER OR A FRAUDULENT BORROWER AS ON DATE OF THIS DRAFT LETTER OF OFFER**

**ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ 4,800.00 LAKHS\* ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 133 OF THIS DRAFT LETTER OF OFFER.**

\*Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.

#### RIGHTS ISSUE PRICE

AMOUNT PAYABLE PER RIGHT EQUITY SHARE	FACE VALUE	PREMIUM	TOTAL	PERCENTAGE OF RIGHT ISSUE PRICE
On Application	₹.250/-	₹[●]/-	₹[●]/-	25.00%
Two or more calls, subsequent calls as may be determined by the Board/ Committee	₹.750/-	₹[●]/-	₹[●]/-	75.00%
<b>Total</b>	<b>₹1.00/-</b>	<b>₹[●]/-</b>	<b>₹[●]/-</b>	<b>100.00%</b>

#### GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of the investors is invited to the section titled "Risk Factors" on page 22 of this Draft Letter of Offer

#### OUR COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

#### LISTING

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

#### REGISTRAR TO THE ISSUE



#### BIGSHARE SERVICES PRIVATE LIMITED

Office No S6-2, 6<sup>th</sup> floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, India.

**Telephone:** +91 22 6263 8200

**E-mail:** rightsissue@bigshareonline.com

**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)

**Investor grievance email:** [inverstor@bigshareonline.com](mailto:inverstor@bigshareonline.com)

**Contact person:** Mr. Suraj Gupta

**SEBI Registration No:** MB/INR000001385

**Validity of Registration:** Permanent

#### ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSURES ON**
[●]	[●]	[●]

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

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

*Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of this Draft Letter of Offer”, “Financial Information”, “Statement of Tax Benefits”, “Legal and Other Information” and “Issue Information” on pages 64, 19, 110, 61, 123 and 133 respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.*

### Company Related Terms

Term	Description
“Company”, “our Company”, “the Company”, “the Issuer” or “GMLL”	Garment Mantra Lifestyle Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at No. 15, Murthy’s Plaza, Karia Gounder Street, Khaderpet, Tirupur-641 601, Tamil Nadu, India.
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company.

Term	Description
“Annual Audited Financial Statements”	The audited financial statements of our Company prepared as per Ind AS for Fiscal 2024, Fiscal 2023 and Fiscal 2022, prepared in line with Ind AS notified under the Companies Act, 2013, as amended read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
“Articles / Articles of Association / AoA”	Articles / Articles of Association of our Company, as amended from time to time.
“Audit Committee”	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) and Section 177 of the Companies Act, 2013.
“Auditor / Statutory Auditor/ Peer Review Auditor”	Statutory and peer review auditor of our Company, namely, M/s. N B T and Co, Chartered Accountants.
“Board / Board of Directors”	Board of directors of our Company or a duly constituted committee thereof.
“Chief Financial Officer / CFO”	Aditya Aggarwal, the Chief Financial Officer of our Company.
“Company Secretary and Compliance Officer”	Lakshmi Priya. K, the Company Secretary and the Compliance Officer of our Company.
“Corporate Office”	The Corporate Office of our Company is located at No. 15, Murthy’s Plaza, Karia Gounder Street, Khaderpet, Tirupur-641601, Tamil Nadu, India.
“Director(s)”	The director(s) on the Board of our Company, unless otherwise specified.
“Equity Shareholder”	A holder of Equity Share(s) of our Company, from time to time.
“Equity Shares”	Fully paid-up Equity shares of our Company of face value of ₹ 1 each.
“Executive Directors”	Executive Directors of our Company.
“Financial Information”	Collectively the Audited Financial Statements and Limited Reviewed Financial Information, unless otherwise specified in context thereof.

<b>Term</b>	<b>Description</b>
“Independent Director(s)”	The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013.
“Key Management Personnel / KMP”	Key Management Personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the subsection titled “ <i>Our Key Managerial Personnel</i> ” on page 104 of this Draft Letter of Offer.
“Materiality Policy”	Policy on determination of materiality of events adopted by our Company in accordance with Regulation 30 of the SEBI Listing Regulations.
“Memorandum of Association / MoA”	Memorandum of Association of our Company, as amended from time to time.
“Nomination and Remuneration Committee”	The committee of the Board of directors reconstituted as our Company’s Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013.
“Non-Executive and Independent Director”	Non-Executive and Independent Directors of our Company, unless otherwise specified.
“Non-executive Directors”	Non-executive Directors of our Company.
“Promoter Group”	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations. As on date of this Draft letter of Offer, except for our Promoters, none of the members of our Promoter Group, hold Equity Shares in our Company.
“Promoter(s)”	Prem Aggarwal and Shikha Aggarwal
“Registrar of Companies/ RoC”	Registrar of Companies, Coimbatore, Tamil Nadu having its office Registrar of Companies, No.7, AGT Business Park, I Floor, Phase II, Avinashi Road, Civil Aerodrome Post, Coimbatore- 641 014, Tamil Nadu, India.
“Restated Financial Statements/ Restated Financial Information”	Restated financial statements of our Company for the for the Fiscal 2024, Fiscal 2023 and Fiscal 2022, comprising (i) the restated statement of assets and liabilities for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, (ii) the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows and the restated statement of changes in equity for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, and (iii) notes thereto prepared in terms of the requirements of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time. For details, see “ <i>Financial Information</i> ” on page 110 of this Draft Letter of Offer.
“Rights Issue Committee”	The committee of our Board constituted for purposes of the Issue and incidental matters thereof.
“Senior Management”	Senior management of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations. For details, see “ <i>Our Management</i> ” on page 97 of this Draft Letter of Offer.
“Shareholders/ Equity Shareholders”	The Equity Shareholders of our Company, from time to time.
“Stakeholders’ Relationship Committee”	The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations.

#### Issue Related Terms

<b>Term</b>	<b>Description</b>
“2009 ASBA Circular”	The SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009
“2011 ASBA Circular”	The SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011
“Abridged Letter of Offer” or “ALOF”	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.

<b>Term</b>	<b>Description</b>
“Additional Rights Equity Shares”	The Rights Equity Shares applied for or allotted under this Issue in addition to the Rights Entitlement.
“Allot” or “Allotment” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue.
“Allotment Account”	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
“Allotment Advice”	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
“Allotment Date”	Date on which the Allotment is made pursuant to the Issue.
“Allottee(s)”	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue.
“Applicant(s) / Investor(s)”	Eligible Equity Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer, including an ASBA Investor.
“Application”	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price.
“Application Form”	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
“Application Money”	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
“Application Supported by Blocked Amount/ASBA”	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing the SCSB to block the Application Money in the ASBA Account
“ASBA Account”	Account maintained with SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
“ASBA Applicant / ASBA Investor”	As per the SEBI Master Circular, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility.
“ASBA Bid”	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
“Banker(s) to the Issue”	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue.
“Bankers to the Issue Agreement”	Agreement to be entered into by and among our Company, the Registrar to the Issue and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
“Basis of Allotment”	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “ <i>Terms of the Issue</i> ” on page 133 of this Draft Letter of Offer.
“Consolidated Certificate”	The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form.
“Controlling Branches” “Controlling Branches of the SCSBs”	Such branches of SCSBs which coordinate Bids under the Issue with the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">http://www.sebi.gov.in</a>

<b>Term</b>	<b>Description</b>
“Demographic Details”	Details of Investors including the Investor’s address, name of the Investor’s father/husband, investor status, occupation and bank account details, where applicable.
“Designated SCSB Branches”	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmid=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmid=35</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
“Designated Stock Exchange”	BSE Limited
“Depository(ies)”	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
“Draft Letter of Offer” “DLoF”, “DLOF”	This draft letter of offer dated [●] filed with the Stock Exchanges for its observations and in-principal listing approval.
“Eligible Equity Shareholders”	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “ <i>Notice to Investors</i> ” on page 12.
“Escrow Account”	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident investors–eligible equity shareholders as on record date making an Application through the ASBA facility.
“Escrow Collection Bank”	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [●].
“Issue” or “Rights Issue”	Issue of up to [●] Equity Shares of face value of ₹ 1 each of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ 4,800.00 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [●]. On Application, Investors will have to pay ₹[●]- (Rupees [●] Only) per Rights Equity Share which constitutes 25.00% (Twenty Five Percent) of the Issue Price, and the balance ₹[●]- (Rupees [●]) per Rights Share which constitutes 75.00% (Seventy Five Percent) of the Issue Price, will have to be paid, on one or more additional calls as may be decided by the Board/ Rights Issue Committee of the Board from time to time.
“Issue Closing Date”	[●]
“Issue Material”	Collectively, the Abridged Letter of Offer, the Common Application Form and Rights Entitlement Letter, and any other material relating to the Issue.
“Issue Opening Date”	[●]
“Issue Period”	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
“Issue Price”	₹ [●] per Rights Equity Share. On Application, Investors will have to pay ₹[●]- (Rupees [●] Only) per Rights Equity Share which constitutes 25.00% (Twenty Five Percent) of the Issue Price, and the balance ₹[●]- (Rupees [●]) per Rights Share which constitutes 75.00% (Seventy Five Percent) of the Issue Price, will have to be paid, on one or more additional calls as may be decided by the Board/ Rights Issue Committee of the Board from time to time.
“Issue Proceeds”	The Gross proceeds raised through the Issue.
“Issue Size”	Amount aggregating up to ₹ 4,800.00 lakhs
“Letter of Offer” or “LOF”	The final letter of offer to be filed with the Stock Exchanges and SEBI for record purposes.
“Multiple Application Forms”	More than one Application form submitted by an Eligible Equity Shareholder/ Renouncee in respect of the same Rights Entitlement available in their demat account. However additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application
“Net Proceeds”	Proceeds of the Issue less our Company’s share of Issue related expenses. For further information about the Issue related expenses, see “ <i>Objects of the Issue</i> ” on page 56 of this Draft Letter of Offer.

“Non-ASBA Investor” or “Non-ASBA Applicant”	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renounees.
“Non-Institutional Bidders” or “NIIs”	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
“Off Market Renunciation”	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
“On Market Renunciation”	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●].
Payment Schedule	Payment schedule under which 25.00% (-Twenty Five percent) of the Issue Price is payable on Application, i.e., ₹[●]/- (Rupees [●] Only) per Rights Share, and the balance unpaid capital constituting 75.00% (Seventy Five Percent) of the Issue Price i.e., ₹[●]/- (Rupees [●]) will have to be paid, on one or more additional calls as may be decided by the Board/ Committee of the Board from time to time.
Physical Equity Shareholders	Eligible Equity Shareholders holding Equity Shares in physical form shall be termed as Physical Equity Shareholders.
“QIBs or Qualified Institutional Buyers”	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
“Record Date”	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, to be decided prior to filing of the Letter of Offer, being [●].
“Refund Bank(s)”	The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●].
“Registrar to the Company”	Bigshare Services Private Limited
“Registrar Agreement”	Agreement dated September 30, 2024 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
“Renounee(s)”	Any person(s) who has/have acquired the Rights Entitlement from the Eligible Equity Shareholders on renunciation in accordance with the SEBI Master Circular.
“Renunciation Period”	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounee on or prior to the Issue Closing Date.
“Retail Individual Bidders(s)” or “Retail Individual Investor(s)” or “RII(s)” or “RIB(s)”	An individual Investor (including an HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
“RE ISIN”	ISIN for Rights Entitlement i.e., [●]
“Rights Entitlement”	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being [●] Rights Equity Shares for [●] Equity Shares held on [●], [●]. The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date.
“Rights Entitlement Letter”	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
“Rights Equity Shares”	Equity Shares of our Company to be Allotted pursuant to this Issue.
“SEBI Master Circular”	Master circular dated June 21, 2023 issued by the Securities and Exchange Board of India in order to enable the stakeholders to have access to all circulars/directions



	issued under the relevant provisions of the SEBI ICDR Regulations, 2018 at one place. The SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 has been rescinded pursuant to the SEBI Master Circular.
“Self-Certified Syndicate Banks” or “SCSBs”	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> or <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at <a href="https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> or such other website as updated from time to time
“Stock Exchanges”	Stock Exchanges where the Equity Shares are presently listed, being BSE.
“Transfer Date”	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
“Wilful Defaulter(s)” or “Fraudulent Borrower(s)”	Company or person, as the case may be, categorized as a wilful defaulter(s) or fraudulent borrower(s) by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI and 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 Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges. “Working Day” shall mean all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

#### Business and Industry related Terms or Abbreviations

Term	Description
“B2B”	business-to-business
“B2C”	business-to-consumer
“CAD”	Current account deficit
“CAGR”	Compounded Annual Growth Rate
“CMM”	Coordinate Measuring Machine
“COVID-19”	Coronavirus Disease 2019
“CPI”	Consumer Price Index
“FDI”	Foreign Direct Investment
“FICCI”	Federation of Indian Chambers of Commerce & Industry
“FPI”	Foreign Portfolio Investment
“GDP”	Gross Domestic Product
“GII”	Global Innovation Index
“HFIs”	High-Frequency Indicators
“IIP”	Index of Industrial Production
“IMF”	International Monetary Fund
“INR”	Indian Rupee (₹)
“IT”	Information Technology
“USA/US”	United States of America
“USD/ US\$”	US Dollar
“YoY”	year-over-year

#### Conventional and General Terms or Abbreviations

Term	Description
“A/c”	Account
“AGM”	Annual General Meeting

“AIF”	Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“AS”	Accounting Standards issued by the Institute of Chartered Accountants of India
“BSE”	BSE Limited
“CAGR”	Compounded Annual Growth Rate
“CDSL”	Central Depository Services (India) Limited
“CFO”	Chief Financial Officer
“CIBIL”	Credit Information Bureau (India) Limited
“CIN”	Corporate Identification Number
“CIT”	Commissioner of Income Tax
“CLRA”	Contract Labour (Regulation and Abolition) Act, 1970
“Companies Act, 2013 / Companies Act”	Companies Act, 2013 along with rules made thereunder
“Companies Act 1956”	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
“CSR”	Corporate Social Responsibility
“Depository(ies)”	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
“Depositories Act”	The Depositories Act, 1996
“DIN”	Director Identification Number
“DP ID”	Depository Participant’s Identification Number
“EBITDA”	Earnings before Interest, Tax, Depreciation and Amortisation
“EGM”	Extraordinary General Meeting
“EPF Act”	Employees’ Provident Fund and Miscellaneous Provisions Act, 1952
“EPS”	Earnings per share
“ESI Act”	Employees’ State Insurance Act, 1948
“FCNR Account”	Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA
“FEMA”	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
“FEMA Regulations”	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
“Financial Year/Fiscal”	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
“FPIs”	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 2019
“FVCI”	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
“GDP”	Gross Domestic Product
“GoI / Government”	The Government of India
“GST”	Goods and Services Tax
“HUF(s)”	Hindu Undivided Family(ies)
“ICAI”	Institute of Chartered Accountants of India
“ICSI”	The Institute of Company Secretaries of India
“IFRS”	International Financial Reporting Standards
“IFSC”	Indian Financial System Code
“Income Tax Act / IT Act”	Income Tax Act, 1961
“Ind AS”	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
“Indian GAAP”	Generally Accepted Accounting Principles in India
“Insider Trading Regulations”	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time
“Insolvency Code”	Insolvency and Bankruptcy Code, 2016, as amended from time to time
“INR” or “₹” or “Rs.”	Indian Rupee, the official currency of the Republic of India.
“ISIN	International Securities Identification Number

“IT”	Information Technology
“MCA”	The Ministry of Corporate Affairs, GoI
“Mn” / “mn”	Million
“Mutual Funds”	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“N.A.” or “NA”	Not Applicable
“NAV”	Net Asset Value
“NSE”	National Stock Exchange of India Limited
“Notified Sections”	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
“NSDL”	National Securities Depository Limited
“OCB”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue.
“p.a.”	Per annum
“P/E Ratio”	Price/Earnings Ratio
“PAN”	Permanent Account Number
“PAT”	Profit After Tax
“Payment of Bonus Act”	Payment of Bonus Act, 1965
“Payment of Gratuity Act”	Payment of Gratuity Act, 1972
“RBI”	The Reserve Bank of India
“RBI Act”	Reserve Bank of India Act, 1934
“SCRA”	Securities Contract (Regulation) Act, 1956
“SCRR”	The Securities Contracts (Regulation) Rules, 1957
“SEBI”	The Securities and Exchange Board of India constituted under the SEBI Act, as amended
“SEBI Act”	The Securities and Exchange Board of India Act, 1992, as amended
“SEBI AIF Regulations”	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
“SEBI FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended.
“SEBI ICDR Regulations”	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
“SEBI Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Rights Issue Circulars	The circulars issued by the Securities Board of India, from time to time, in relation to the rights issue.
“SEBI Takeover Regulations”	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
“SEBI VCF Regulations”	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, since repealed and replaced by the SEBI (AIF) Regulations
“Securities Act”	The United States Securities Act of 1933.
“STT”	Securities Transaction Tax
“State Government”	The Government of a state in India
“Trademarks Act”	Trademarks Act, 1999, as amended
“TDS”	Tax Deducted at Source
“US\$” / “USD” / “US Dollar”	United States Dollar, the official currency of the United States of America
“USA”/ “U.S.”/ “US”	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“U.S. GAAP”	Generally Accepted Accounting Principles in the United States of America
“VAT”	Value Added Tax
“VCFs”	Venture Capital Funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
“w.e.f.”	With effect from
“Year/Calendar Year”	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

## **NOTICE TO INVESTORS**

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

In case the Eligible Equity Shareholders have provided their valid e-mail address registered with the depositories/ Company, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, by registered or speed post on a reasonable effort basis, to the Indian addresses provided by them. Our Company, 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 the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or the Application Form.

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

**THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS 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 THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS.**

**ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.**

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

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

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

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

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

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

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

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

## **ENFORCEMENT OF CIVIL LIABILITIES**

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

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

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

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

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

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

## PRESENTATION OF FINANCIAL INFORMATION

### Certain Conventions

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

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

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

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

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

### Financial Data

Unless stated otherwise or the context otherwise requires, the financial data in this Draft Letter of Offer is derived from the (a) restated financial statements of our Company as of and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, comprising (i) the restated statement of assets and liabilities for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, (ii) the restated statement of profit and loss (including other comprehensive income), the restated statement of cash flows and the restated statement of changes in equity for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, and (iii) notes thereto prepared in terms of the requirements of the Companies Act, the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time. For further information, see “*Restated Financial Statements*” beginning on page 110 of this Draft Letter of Offer.

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

We have prepared our annual Audited Financial Statements in accordance with Ind AS. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 110 of this Draft Letter of Offer.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two

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

### **Currency and Units of Presentation**

All references to:

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

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

### **Exchange Rates**

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

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

<b>Currency</b>	<b>As on March 31, 2024 (₹)</b>	<b>As on March 31, 2023 (₹)</b>	<b>As on March 31, 2022 (₹)</b>
1 USD	83.37	82.63	75.81

(Source: [www.fbiil.org.in](http://www.fbiil.org.in) )

^Since, from March 29, 2024 to March 31, 2024 were public holiday, the exchange rate as of March 28, 2024 has been considered.

### **Industry and Market Data**

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

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us, or any of its affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 22, of this Draft Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

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



## FORWARD - LOOKING STATEMENTS

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

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

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

1. Our top ten customers contribute majority of our revenues from operations. Any loss of business from one or more of them may adversely affect our revenues and profitability;
2. Our top ten, five and three suppliers contribute majority of our purchases. Any loss of business with one or more of them may adversely affect our business operations and profitability;
3. The loss, shutdown or slowdown of operations of our facility or the under-utilization of any such facility may have a material effect on our results of operations and financial condition;
4. We are dependent on Job work for manufacturing of our Products, any disruption to our operations on account of Job work may have an effect on our business, results of operations and financial condition.
5. Any change in our consumer’s likes, and preferences or a change in their perception regarding the quality of our products may negatively affect our image and our reputation and in turn, affect our revenues and profitability;
6. Our industry is competitive, and we face significant competition from both established and new companies selling garments, which may have a negative effect on our ability to add new customers, retain existing customers and grow our business. Our inability to compete effectively will adversely affect our business, results of operations, financial condition and cash flows.
7. We do not have any long-term agreement or contract of supply of raw materials and consequently are exposed to price and supply fluctuations for our raw materials;
8. Our Company has not entered into any long-term contracts with any of its customers and we typically operate on the basis of purchase orders. Inability to maintain regular order flow would adversely impact our revenues and profitability;
9. Our Promoter Group Entities are engaged in a line of business similar to our Company. There are no non-compete agreements between our Company and Promoter Group Entities. We cannot assure that our

Promoters will not favour the interests of such Entities over our interests or that the said entities will not expand which may increase our competition, which may adversely affect business operations and the financial condition of our Company

10. We may not be able to prevent unauthorised use of trademarks obtained/ applied for by third parties, which may lead to the dilution of our goodwill.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 22, 78 and 111, respectively, of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

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

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

## SECTION II - SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Draft Letter of Offer, including the sections titled “Risk Factors”, “The Issue”, “Capital Structure”, “Objects of the Issue”, “Our Business”, “Industry Overview”, “Legal and Other Information” and “Terms of the Issue” on pages 22, 47, 54, 56, 78, 64, 123 and 133 respectively.

### 1. Summary of Industry

The apparel market size has grown strongly in recent years. It will grow from \$655.7 billion in 2023 to \$703.11 billion in 2024 at a compound annual growth rate (CAGR) of 7.2%. The growth observed in the historic period in the apparel industry can be attributed to several key factors. These include strong economic growth in emerging markets, an increase in foreign direct investments, growing demand for man-made fibres and advancements in technology. These factors collectively contributed to the expansion and development of the apparel sector during the historical period.

The apparel market size is expected to see strong growth in the next few years. It will grow to \$918.71 billion in 2028 at a compound annual growth rate (CAGR) of 6.9%. The anticipated growth in the forecast period in the apparel industry can be attributed to various factors. These include the increasing penetration of social media, a rise in motorcycle sales, the growth of e-commerce, and a growing demand for sportswear and performance wear. Key trends in the forecast period include the use of blockchain technology for a reliable supply chain and intellectual property protection, the integration of artificial intelligence to predict trends in patterns, colours, and styles, a focus on recycling and upcycling to reduce wastage, leveraging the Internet of Things (IoT) for innovative products, and the integration of virtual reality (VR) and augmented reality (AR) technology for a more interactive shopping experience.

The primary categories of apparel are women's wear, men's wear, and kids' wear. Women's wear pertains to clothing designed for women, and it includes various types of fibres such as man-made fibres, cotton fibres, animal-based fibres, and vegetable-based fibres. Apparel is made available to consumers through different distribution channels, including retail stores and online platforms.

India is among the top garment-manufacturing countries in the world. Indian textiles and apparel products have a history of fine craftsmanship across the entire value chain from fibre, yarn, and fabric to apparel with high global appeal. India's cotton, silk, and denim are highly popular in other countries, and Indian apparel too has found success across fashion centres around the world. India is one of the largest consumers and producers of cotton with the highest acreage of 12.5 million hectares which is 38% of the global area under cotton cultivation. The Indian textile and apparel industry is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool, and silk products to the organized textile industry in India.

India's textile and apparel market size is growing at a CAGR of 14.59% from US\$ 172.3 billion in 2022 and is expected to reach US\$ 387.3 billion by 2028. Industry is one of the biggest contributors to the economy with a 2.3% contribution to the gross domestic product (GDP) which is approx. US\$ 70 billion. It is also the second largest employer after agriculture, providing direct employment to 45 million people and 100 million people in the allied sector. Andhra Pradesh, Telangana, Haryana, Jharkhand, and Gujarat are the top textile and clothing manufacturing states in India.

For further details, please see chapter titled “Industry Overview” at page 64 of this Draft Letter of Offer.

### 2. Summary of primary Business

Our Company is engaged in the business of garment manufacturing and selling both Knitted Fabric as well as Garments. Our range of garment products covers all the age group segments such as kids wear, mens wear, ladies wear, boys & girls wear. We use variety of knitted fabrics such as 100% cotton, 100% polyester, blended (cotton and polyester) and printed polyester fabrics in the production of garments. We are also engaged in selling of knitted fabrics to domestic garment manufacturers. We have approximately 26,016 sq. ft. size area manufacturing plant located at Nethaji Apparel Park, Tirupur, Tamil Nadu. We manufacture 100% cotton fabrics by supplying Yarn to the Mills for Knitting, Dyeing, Printing, Compacting factories. We have dedicated factories for each process whose capacity we have booked exclusively for ourselves. Thus, we ensure we get the best quality fabrics. We constantly change our rotary designs and thus we always have latest print designs that are fast moving in the market. For further details, please refer to the chapter titled “Our Business” at page 78 of this Draft Letter of Offer.

### 3. Our Promoters

The Promoters of our Company are Prem Aggarwal and Shikha Aggarwal. For further details please see chapter titled “Our Promoters” beginning on page 106 of this Draft Letter of Offer.

#### 4. Objects of the Issue

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

Particulars	Amount
Funding of working capital requirements of our Company	Up to 3,250.00
General Corporate Purposes*	[●]
Net proceeds from the Issue**	[●]

\*To be finalized upon determination of Issue Price and updated in the Letter of Offer. The amount shall not exceed 25% of the Issue Proceeds.

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

For further details, please see chapter titled “Objects of the Issue” beginning on page 56 of this Draft Letter of Offer.

#### 5. Summary of Financial Information

Following are the details as per the Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2024, March 31, 2023 and March 31, 2022:

S. No.	Particulars	As of and for the Financial Years ended		
		March 31, 2024	March 31, 2023	March 31, 2022
1.	Share Capital	1,003.84	1,003.84	1,003.84
2.	Net Worth	3,717.98	3,503.11	3,593.83
3.	Revenue from operations	16,413.01	17,197.43	20,389.88
4.	Profit after Tax	247.40	92.29	358.48
5.	Earnings per Share	0.26	0.09	0.39
6.	Net Asset Value per equity share	3.70	3.49	35.80
7.	Total borrowings	7,799.64	4,093.48	4,364.46

For further details, please refer the section titled “Financial Information” on page 110 of this Draft Letter of Offer.

#### 6. Summary of Outstanding Litigation

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

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchanges	Material Civil Litigation	Aggregate amount involved (₹ in lakhs)
<b>Company</b>						
By our Company	Nil	Nil	Nil	Nil	1	41.30
Against our Company	Nil	1	Nil	Nil	Nil	91.72
<b>Directors*</b>						
By our Directors	1	Nil	Nil	Nil	Nil	145
Against our Directors	Nil	Nil	Nil	Nil	Nil	Nil
<b>Subsidiary</b>						

By our Subsidiary	Nil	1	Nil	Nil	Nil	unquantifi able
Against our Subsidiary	Nil	Nil	Nil	Nil	Nil	[•]

*#To the extent quantifiable.*

*\*Directors include promoters*

For further details, please refer the chapter titled “*Legal and Other Information*” on page 123 of this Draft Letter of Offer.

## **7. Risk Factors**

Please see the chapter titled “*Risk Factors*” beginning on page 22 of this Draft Letter of Offer.

## **8. Summary of Contingent Liabilities**

The details of our contingent liabilities as of March 31, 2024, see “*Financial Statements – Restated Financial Statements – Notes to Restated Financial Statements – Note 42*” on page 110 of this Draft Letter of Offer.

## **9. Summary of Related Party Transactions**

For details regarding our related party transactions for the Financial Years ended 2024, 2023 and 2022, see “*Financial Statements – Restated Financial Statements – Notes to Restated Financial Statements – Note 41: Related party disclosures*” on page 110 of this Draft Letter of Offer.

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

Our Company has issued bonus equity shares in the ration of 1:1 (i.e., one new fully paid- up equity share for every 1 existing fully paid - up equity share) approved vide extra-ordinary general meeting dated August 03, 2024 for consideration other than cash.

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

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

## **12. Exemption from complying with any provisions of securities laws, if any, granted by the Securities and Exchange Board of India**

Our Company has not been granted any exemption from complying with any provisions of securities laws by the Securities and Exchange Board of India.

### SECTION III - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Prospective investors should carefully consider each of the following risk factors and all other information set forth in this Draft Letter of Offer, including in “*Our Business*”, “*Industry Overview*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Information*” beginning on pages 78, 64, 111 and 110, respectively of this Draft Letter of Offer before making an investment in the Equity Shares.

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, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. In making an investment decision with respect to this Issue, prospective investors must rely on their own examination of the Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences to you of an investment in the Equity Shares.

The following risk factors have been determined by our Board of Directors on the basis of their materiality. The following factors

have been considered for determining the materiality:

- (i) Some events may not be material individually, but may be found material collectively,
- (ii) Some events may have material impact qualitatively instead of quantitatively; and
- (iii) Some events may not be material at present but may have material impact in the future.

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

This Draft 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 Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications

of any of the risks described in this section. Unless the context otherwise requires, in this section, reference to “we”, “us” “our” refers to our Company. For updates in relation to financial and operational performance as of and for the period ended March 31, 2024, March 31, 2023 and March 31, 2022, see “*Management’s Discussion and Analysis Condition and Results of Operation*” beginning on page 111 of this Draft Letter of Offer.

**1. *Our top ten, five and three customers contribute majority of our revenues from operations. Any loss of business from one or more of them may adversely affect our revenues and profitability.***

Our top ten, five and three customers have contributed the following of our revenues for the period ended March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	Revenue (in %) For the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Top 10 customers	56.1	52.27	50.95
Top 5 customers	45.55	39.54	41.30
Top 3 customers	36.93	29.97	36.58

However, our top customers may vary from period to period depending on the demand and thus the composition and revenue generated from these customers might change as we continue to add new customers in normal course of business.

Since our business is concentrated among relatively few significant customers (including wholesalers), also we have our promoter group entities as our customers. We could experience a reduction in our results of

operations, cash flows and liquidity if we lose one or more of these customers or the amount of business we obtain from them is reduced for any reason, including but not limited on account of any dispute or disqualification. Accordingly, we cannot assure you that the customers which contribute to the major part of our revenue stream will pay us the amounts due to us on time, or at all. In the event any of our significant customers fail to fulfil their respective obligations, our business, financial condition and results of operations would be adversely affected. While we believe we have maintained good and long-term relationships with our customers, there can be no assurance that we will continue to have such long-term relationship with them. We cannot assure that we shall generate the same quantum of business, or any business at all, from these customers, and loss of business from one or more of them may adversely affect our revenues and profitability.

**2. *Our top ten, five and three suppliers contribute majority of our purchases. Any loss of business with one or more of them may adversely affect our business operations and profitability.***

Our top ten, five and three suppliers contributed the following of our total purchases for the period ended March 31, 2024, March 31, 2023 and March 31, 2022.

Particulars	Purchases (in %) For the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Top 10 suppliers	89.69	89.97	83.49
Top 5 suppliers	77.99	72.05	63.01
Top 3 suppliers	71.30	56.39	40.50

However, our top suppliers may vary from period to period depending on the demand-supply mechanism and thus the supply process from these suppliers might change as we continue to seek more cost-effective suppliers in the normal course of business. Since our business is concentrated among relatively few significant suppliers, we could experience a reduction in our purchases and business operations if we lose one or more of these suppliers, including but not limited on account of any dispute or disqualification.

While we believe we have maintained good and long-term relationships with our other suppliers too, there can be no assurance that we will continue to have such long-term relationships with them. We cannot assure that we shall do the same quantum of business, or any business at all, with these customers, and loss of business with one or more of them may adversely affect our purchases and business operations.

**3. *The loss, shutdown or slowdown of operations of our facility or the under-utilization of any such facility may have a material effect on our results of operations and financial condition.***

Our business and results of operations are dependent on our ability to effectively plan our manufacturing processes through job work and on our ability to optimally utilize our processing capacities for the various products we manufacture through job work. Any disruption to the manufacturing process or the operation of our production facilities may result from various factors beyond our control, including, amongst others, the following:

- a) Utility supply disturbances, particularly power supply;
- b) Forced close down or suspension of our manufacturing work due to factors such as breakdown or failure of equipment, performance below expected levels of output or efficiency, facility obsolescence or disrepair, labour disputes such as
  - strikes and work stoppages, natural disasters and industrial accidents;
  - Severe weather condition;
  - Interruption of our information technology systems that facilitate the management of our manufacturing facilities; and
  - Other production or distribution problems, including limitations to production capacity due to regulatory requirements, changes in the types of products produced or physical limitations that could impact continuous supply.
- c) Disturbance at our job work process.

Although our production facilities and our job work process have not experienced any material disruption (including any loss, shutdown or slowdown of operations of our facility or the under-utilization of any such facility) in the past, however, there can be no assurance that there will not be any material disruption to our operations in the future. If we fail to take adequate steps to mitigate the likelihood or potential impact of these events or to effectively respond to these events if they occur, our business, results of operations and financial condition could be materially affected, further, we will not be able to achieve our sales as compared to previous years due to any disruption in our facilities and process.

In addition, our customers in India and outside India rely significantly on the timely delivery of our products and our ability to provide an uninterrupted supply of our products is critical to our business. Any disruption of operations of our manufacturing facilities through Job work could result in delayed delivery of our products or defects in the garments delivered to our customers which in turn may lead to disputes and legal proceedings with them on account of any losses suffered by them or any interruption of their business operations due to such delay or defect. Although we have not experienced any dispute in past but in case any matter arises in future, our business and financial results may be adversely affected by any disruption of operations of our manufacturing facilities, on account of factors including any or all of the factors mentioned above.

**4. *We are dependent on Job work for manufacturing of our Products, any disruption to our operations on account of Job work may have an effect on our business, results of operations and financial condition.***

We are fully dependent on Job work for the manufacturing of our products. Initially, the product is designed and the sample is prepared at our facility after approval of the design and making of our products, the raw material is purchased and sent to job work for the preparation of bulk order pieces. After job work, the finished product is ironed and packed at our facility and sent for dispatch.

Hence our preparation of bulk orders is dependent on job worker and their availability. If there is any interruption in the job work process, we will be unable to complete our order and our financial conditions and business operations will be significantly affected.

Further, if there is a hike in the prices of job workers and difficulty in finding suitable job workers for manufacturing of our products, our cost of product will rise which ultimately affect the profitability of our Company.

**5. *Any change in our consumer's likes, and preferences or a change in their perception regarding the quality of our products may negatively affect our image and our reputation and in turn, affect our revenues and profitability.***

Our Company is engaged in the business of garment manufacturing and selling both knitted fabrics and Garments. Our range of garment products covers all age groups including kids wear, men wear, ladies wear, boys and girls wear. We use a variety of knitted fabrics such as 100% cotton, 100% polyester, blended (cotton and polyester) and printed polyester fabrics in the production of garments. Our business is characterized by rapidly changing customer preferences. This industry is highly competitive, where goodwill and reputation hold significance, any change in consumer likes, preferences or a change in their demands regarding the quality and authenticity of our products, may negatively affect the image and reputation of our products and consequently that our Company. Further, such occurrences may expose our Company to liabilities and claims, adversely affecting our reputation, growth and profitability.

**6. *Our industry is competitive, and we face significant competition from both established and new companies selling garments, which may have a negative effect on our ability to add new customers, retain existing customers and grow our business. Our inability to compete effectively will adversely affect our business, results of operations, financial condition and cash flows.***

Our Company is engaged in the business of garment manufacturing and selling both knitted fabrics as well as garments. The rapidly changing fashion trends require companies to be agile and responsive to market demands. To address this, our Company has developed a robust marketing and distribution system. By establishing direct communication channels with retailers and end-users, we gain valuable market insights and real-time information about emerging trends. This enables us to adapt quickly and align our product offerings with the latest fashion trends, ensuring relevance and competitiveness in the market. However, the said market is competitive, and we expect competition to increase in the future from established competitors and new market entrants. We may not be successful in convincing our potential customers to purchase our products. Additionally, we may be required to make substantial additional investments in our research, development, services, marketing, and sales functions in order to respond to competition, and there can be no assurance that we will be able to compete successfully in the future. Although, the above-mentioned events have not occurred in the past, however occurrence of any such events in the future could adversely impact our business, financial condition, and results of operations.

**7. *We do not have any long-term agreement or contract of supply of raw materials and consequently are exposed to price and supply fluctuations for our raw materials.***

Our Company is engaged in the business of manufacturing of garments, and fabric is used as the primary raw material during our manufacturing process. Therefore, we are highly dependent on fabric, and it forms the



most important and primary component of our manufacturing process.

We have not entered into long-term contracts with our suppliers and prices for raw materials are normally based on the quotes we receive from various suppliers. We rely on pre-booking capacity with our suppliers, based on our demand projections. Since we have no formal arrangements with our suppliers, they are not contractually obligated to supply their products to us and may choose to sell their products to our competitors. Non-availability or inadequate quantity of raw material or use of substandard quality of the raw materials in the manufacturing of our products could have a material adverse effect on our business. Further, any discontinuation or failure of these suppliers to adhere to the delivery schedule or failure to deliver the required quality and quantity could hamper our manufacturing schedule.

Further, we are also exposed to fluctuations in the prices of fabric. Thus, we may be unable to control the factors affecting the price at which we procure our raw materials. We also face the risks associated with compensating for or passing on such an increase in our cost of production on account of such fluctuations in prices to our customers. Particularly, we face the risk of our products becoming unaffordable if pass on the increase in the cost of production to our customers through a corresponding increase in the price of our products in order to maintain our margins. Upward fluctuation of the price of raw materials may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial conditions and results of operations.

8. ***Our Company has not entered into any long-term contracts with any of its customers and we typically operate on the basis of purchase orders. Inability to maintain regular order flow would adversely impact our revenues and profitability.***

Our Company has had long-standing business relationships with certain customers and has been supplying our products to such customers. However, we have not entered into any long-term contracts with these customers and we cater to them on a purchase order basis. We are bound to comply with different terms and conditions stipulated in the purchase orders failing to which led to termination or cancellation of the purchase orders by our customers. Our customers may also terminate their relationships with us without any notice which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products. Our Company's customers have no obligation to place order with us and may either cancel, reduce or delay orders. Failure to deliver products on time could lead to customers delaying or refusing to pay the amount, in part or full, which may adversely affect our business. In addition, even where a delivery proceeds as scheduled, it is possible that the contracting parties may default or otherwise fail to pay amounts owed. The orders placed by our Company's customers are dependent on factors such as the customer satisfaction with the level of service that our Company provides, fluctuation in demand for our Company's products and customer's inventory management. Although we place a strong emphasis on quality, timely delivery of our products, etc., in the absence of contracts, any sudden change in the buying pattern of customers could adversely affect the business and the profitability of our Company.

9. ***Our Promoter Group Entities are engaged in a line of business similar to our Company. There are no non-compete agreements between our Company and Promoter Group Entities. We cannot assure that our Promoters will not favour the interests of such Entities over our interests or that the said entities will not expand which may increase our competition, which may adversely affect business operations and the financial condition of our Company.***

Our Subsidiary Company namely M/s. Hylex Fashions Private Ltd. (Formerly known as *Jannat Fabrics and Apparels Private Limited*), is engaged in a similar line of business of garment manufacturing as of our Company. Further, we have not entered into any non-compete agreement with any of our said entities. We cannot assure you that our Promoters who have a common interest in said entities will not favour the interest of the said entities. As a result, conflicts of interest may arise in allocating business opportunities between our Company and our Group Company in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other companies in which our Promoters have interests. There can be no assurance that our Promoters or our Group Companies or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations.

**10. We may not be able to prevent unauthorised use of trademarks obtained/ applied for by third parties, which may lead to the dilution of our goodwill.**

We have obtained trademark registrations of our brands under the Trade Marks Act, any unauthorized use of our trademarks, by unrelated third parties may damage our reputation and brand. Preventing trademark infringement, particularly in India, is difficult, costly and time-consuming. The measures we take to protect our trademarks may not be adequate to prevent unauthorized use by third parties, which may affect our brand and in turn adversely affect our business, financial condition, results of operations and prospects.

Further, we cannot assure you that any application for registration of our trademark in future by our Company will be granted by the relevant authorities in a timely manner or at all. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property.

**11. Our Promoters have given personal guarantees in relation to borrowings made by our Company and its Subsidiary from the Union Bank of India. In the event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoter's, and key managerial personnel's ability to manage the affairs of our Company and consequently impact our business, prospects, financial condition and results of operations.**

Our Company has availed of a credit facility aggregating to Rs. 2,278.00 Lakhs from Union Bank of India which is inter alia secured by the personal guarantee from our Promoters Prem Aggarwal and Mrs. Shikha Aggarwal and one of our key managerial personnel Aditya Aggarwal. Our material subsidiary has also availed the credit facility of Rs. 1,711.00 Lakhs which is, inter alia, secured by a corporate guarantee by us and the personal guarantee of our Promoters, Prem Aggarwal and Shikha Aggarwal. In the event of default on the debt obligations, the security or personal guarantees or corporate guarantees may be invoked thereby adversely affecting the ability of our Company and the Promoter and key managerial personnel to manage the affairs of our Company and consequently impact our business, prospects, financial condition and results of operations.

**12. Our lender has charge over our movable properties in respect of finance availed by us.**

We have secured our lender by creating a charge over our movable properties in respect of facilities availed by us from banks and financial institutions. The total amounts outstanding and payable by us as secured loans were Rs. 2,278.00 Lakhs as on March 31, 2024. In the event we default in repayment of the facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have a significant adverse effect on business, financial condition or results of operations.

**13. There are outstanding legal proceedings involving our Company, Subsidiaries and Directors. Any adverse decision in such proceedings may have a material adverse effect on our business, results of operations and financial condition.**

We are involved in certain legal proceedings which are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate authorities.

We cannot provide assurance that these legal proceedings will be decided in our favour. Any adverse decisions in any of the proceedings may have a significant adverse effect on our business, results of operations, cash flows and financial condition. A summary of the pending civil and other proceedings involving our Company, Subsidiaries and Directors is provided below:

**Cases filed by Our Company**

*(₹ in lakhs)*

<b>Nature of Cases</b>	<b>No. of Outstanding Cases</b>	<b>Amount Involved</b>
Criminal Complaints	Nil	Nil
Civil Proceedings <sup>#</sup>	1	41.30
Regulatory/ Statutory Authorities	Nil	Nil
Taxation Matters	Nil	Nil
Other Litigation	Nil	Nil

<sup>#</sup>Our Subsidiary, Hylex Fashions Private Limited (Formerly known as M/s Jannat Fabrics and Apparels

Private Limited), is also applicant in the current matter.

#### Cases filed against Our Company

(₹ in lakhs)

Nature of Cases	No. of Outstanding Cases	Amount Involved
Criminal Complaints	Nil	Nil
Regulatory/ Statutory Authorities	Nil	Nil
Civil Proceedings	Nil	Nil
Taxation Matters	1	91.72
Other Litigation	Nil	Nil

#### Cases filed by Our Directors\*

(₹ in lakhs)

Nature of Cases	No. of Outstanding Cases	Amount Involved
Criminal Complaints	1	145.00
Civil Proceedings	Nil	Nil
Regulatory/ Statutory Authorities	Nil	Nil
Taxation Matters	Nil	Nil
Other Litigation	Nil	Nil

\*Directors include promoters

#### Cases filed against Our Directors\*

(₹ in lakhs)

Nature of Cases	No. of Outstanding Cases	Amount Involved
Criminal Complaints	Nil	Nil
Regulatory/ Statutory Authorities	Nil	Nil
Civil Proceedings	Nil	Nil
Taxation Matters	Nil	Nil
Other Litigation	Nil	Nil

\*Directors include promoters

#### Cases filed by our Subsidiary

(₹ in lakhs)

Nature of Cases	No. of Outstanding Cases	Amount Involved
Criminal Complaints	Nil	Nil
Civil Proceedings	Nil	Nil
Regulatory/ Statutory Authorities	Nil	Nil
Taxation Matters	1	unquantifiable
Other Litigation	Nil	Nil

#### Cases filed against our Subsidiary

(₹ in lakhs)

Nature of Cases	No. of Outstanding Cases	Amount Involved
Criminal Complaints	Nil	Nil
Regulatory/ Statutory Authorities	Nil	Nil
Civil Proceedings	Nil	Nil
Taxation Matters	Nil	Nil
Other Litigation	Nil	Nil

For further details of legal proceedings involving our Company and Group Company, please see “Legal and Other Information” beginning on page no. 123 of this Draft Letter of Offer.

14. **Our Company had entered into various transactions with our Promoters, Promoter Group, Directors and their Relatives and Group Companies. Our Company in the past has entered into Related Party Transactions and may continue to do so in future also, which may adversely affect our competitive edge and better bargaining power had these transactions have been entered with non-related parties resulting into relatively more favourable terms and conditions and better margins.**

Our Company had entered into various transactions with our Promoters, Promoter Group, Directors and their Relatives and Group Companies. These transactions, inter-alia includes sale/purchase of goods, payment for services received/rendered, remuneration, loans and advances etc. Our Company entered into such transactions due to easy proximity and quick execution. However, there is no assurance that we could not

have obtained better and more favourable terms had our Company not entered into such related party transactions. Our Company may enter into such transactions in future also and there can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial conditions and results of operation. For details on the transactions entered by us, please refer to section 'Related Party Transactions' in the section 'Financial Information' beginning on page 110 of this Draft Letter of Offer.

**15. We are subject to certain covenants of the Union Bank of India in respect of the Cash Credit Limit and other banking facilities availed from them.**

Our financing arrangements contain certain covenants whereby we are required to adhere too as per the terms provided therein. There can be no assurance that we will be able to comply with the covenants under our financing arrangements. In the event we breach any covenants contained in our financing arrangements, we may be required under the terms of such financing arrangements to immediately repay our borrowings either in whole or in part, together with any related costs. This may adversely impact our results of operations and cash flows.

**16. Our Company has taken an interest-free unsecured loan from our Promoter Directors Prem Aggarwal and Shikha Aggarwal, the total outstanding amount of which as on August 31, 2024 is Rs. 219.00 Lakhs. Accordingly, in case our Promoters recall the said loan, it may have an adverse effect on our cash flow and financial condition.**

Our Promoter Directors Prem Aggarwal and Shikha Aggarwal had given an interest-free unsecured loan to our Company outstanding amounting to Rs. 219.00 Lakhs. However, as on date, we have not entered into any understanding or agreement with the Promoter Directors in respect of their lending to our Company. If the loan is recalled on short notice, our Company may have to, on an urgent basis arrange for equivalent funds to fulfil the necessary requirements. The inability of our Company to do so may require creating a security for such a loan. The occurrence of these events may have an adverse effect on our cash flow and financial conditions. For more details regarding the loan, please refer to the chapter titled "Financial Information" beginning on page 110 of this Draft Letter of Offer.

**17. Our Company has borrowed from Banks in the form of cash credit limits, ECLGS and Term Loan to support our working capital requirements.**

Our growth has been supported in past by banks and our Company is further raising funds for funding the additional working capital requirement. Such loans from banks carry customary restrictive covenants to be followed by the borrowers in case there is any delay in taking care of the obligations by the borrowers i.e. delay in servicing of interest or in payment of due principal amounts to the secured lenders.

Our loans are standard assets; we do not presently experience the effect of any customary restrictive covenant that may be imposed by the secured lenders in the eventuality of any delay or default in taking care of the obligations by the borrower.

**18. Our Company requires significant amounts of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.**

Our business is working capital intensive. A significant portion of our working capital is utilized towards trade receivables and inventory. We intend to continue growing by reaching out to new customers and also increasing sales to existing customers and thereby reaching to other geographical areas. All these factors may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sources of funds, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirements. A brief summary of our working capital position is given below: -

(₹ In lakhs)

Sr No	Particulars	Restated Financial Statements)		
		March 2022	March 2023	March 2024
(A)	Current assets			
(a)	Trade receivables	3,183.75	4,349.52	4,053.88
(b)	Other current assets	459.48	187.75	596.68
(c)	Inventories	5,320.60	4,535.37	5,873.39
	<b>Total Current Assets (A)</b>	<b>8,963.3</b>	<b>9,072.63</b>	<b>10,523.94</b>
(B)	Current liabilities			

(a)	Trade payables	1,891.88	1,740.19	2,788.28
(b)	Other current liabilities	50.70	516.97	450.40
(c)	Short term provisions	172.51	90.37	143.24
	<b>Total Current liabilities (B)</b>	<b>2,115.09</b>	<b>2,347.53</b>	<b>3,381.93</b>
(C)	<b>Total working capital requirement –A - B)</b>	<b>6,848.74</b>	<b>6,725.10</b>	<b>7,142.02</b>

**19. *Our inability to manage inventory in an effective manner could affect our business.***

Our business model requires us to maintain a certain level of inventory of our raw material, to meet the present and future orders. If we underestimate the orders that we may receive we may experience inventory shortages and a loss of opportunity. Similarly, an over-estimation of orders may result in overstocking leading to increased holding costs. Additionally, any overrun in holding of such goods may lead to their decay. Therefore, any mismanagement on our part to determine the optimum inventory levels may impact our operations and cause us to incur losses.

**20. *We are dependent on our Promoters, directors and key managerial personnel of our Company for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.***

Our Promoters, Directors and key managerial personnel collectively have vast experience in the industry and are difficult to replace. They provide expertise, which enables us to make well informed decisions in relation to our business and our future prospects. For further details of our Directors and key managerial personnel, please refer to Section "Our Management" on page 97 of this Draft Letter of Offer. Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently. Also, the loss of any of the management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to implement new projects and expand our business.

Further, our future performance will depend upon the skills, efforts, expertise, and continued services of these persons and our ability to attract and retain qualified senior and mid-level managers. The loss of their services or those of any other members of management could impair our ability to implement our strategy and may have a material adverse effect on our business, financial condition and results of operations.

**21. *We do not own our corporate office premises, which we have taken on lease. Any dispute in relation to the lease of our premises may lead to termination of agreements which may require us to vacate such premises and adversely affect our business operations.***

Our Company's corporate office is taken on lease. If any such lease agreement under which we occupy the premises is not renewed on terms and conditions that are favourable to us, or at all, we may suffer a disruption in our operations or we may have to pay increased rentals which could have a material adverse effect on our business, financial condition and results of operations. In the event of non-renewal of lease, we may be required to shift our office to a new location and there can be no assurance that the arrangement we enter into in respect of new premises would be on such terms and conditions as the present one. Under the lease agreement, we are required to use the premises only for hosiery/ textile office like having an office room, stock room, godown for hosiery products or any activity concerning the said business. However, where we desire to commence any new business, prior consent in writing of the landlords is required.

We cannot assure you that we will have the right to occupy, the aforementioned premises in future, or that we will be able to continue with the uninterrupted use of this property, which may impair our operations and adversely affect our financial condition. For more details on properties taken on lease by our Company, please refer section "Land and Properties" in the chapter titled "Our Business" beginning on page 78 of the Draft Letter of Offer

**22. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.***

Modernization and technological upgradation is essential to reduce costs and increase the output. Our technology and machinery may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we believe that we have installed

the latest technology and that the chances of technological innovation are not very high in our sector we shall continue to strive to keep our technology, plant and machinery in line with the latest technological standards. In case of a new-found technology in the textile processing business, we may be required to implement new technology or upgrade the machinery and other equipment employed by us. Further, the costs of upgrading our technology and modernizing the plant and machinery are significant which could substantially affect our finances and operations.

**23. Our Company has negative cash flow from certain activities in the past 3 years, details of which are given below: Sustained negative cash flow could impact our growth and business**

Our Company had negative cash flows from certain activities in the previous year(s) as per the Financial Statements and the same are summarized as under:

(₹ In lakhs)

Particulars	For the year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Cash flow from/ used in Investing Activities	(565.87)	2.76	(202.43)
Cash flow from/ used in Financing Activities	3,289.86	(661.26)	141.73

Cash flow of a Company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial operations.

**24. Our Subsidiary M/s. Twenty Twenty Trading LLP has incurred loss in past and any operating losses or negative cash flows in the future could adversely affect the results of operations and financial conditions of our group Company.**

The details of profit and loss in past years are as follows:

(₹ In lakhs)

Particulars	For the year ended by		
	March 31, 2024	March 31, 2023	March 31, 2022
M/s. Twenty Twenty Trading LLP	(14.46)	9.86	40.95

Our Subsidiary has not generated minimal revenues since its incorporation. Any operating losses or negative cash flows could adversely affect the overall operations of the group and financial conditions.

**25. Our Company has contingent Liabilities. They could adversely affect our financials if they materialize:**

As per our restated financials, our contingent liabilities are set forth below:

(₹ In lakhs)

S. No.	Particulars	For the year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
1.	Other Contingent Liabilities	91.72	Nil	Nil

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected.

**26. We have had certain inaccuracies in relation to regulatory filings to be made with the Registrar of Companies, Stock Exchanges and payment of statutory dues with the relevant authorities or person under the stipulated law relating to companies, labour, provident fund and taxations. Our Company has made non-compliances of certain provisions under applicable law**

In the past, there have been certain instances of inaccuracy in relation to some forms filed in Registrar of Companies and there are some instances where forms are belatedly filed in ROC with requisite additional fees. In the event of any cognizance being taken by the concerned authorities, actions may be taken against our Company and its directors, in which event the financials of our Company and our directors may be affected. The details of non-compliances /delayed filings by our Company in previous three FY i.e. FY 2021-2022, 2022-2023 and 2023-2024, and are as under:

FY 2021-2022:

<b>S. No.</b>	<b>Non-Compliance</b>	<b>Remark</b>
1.	CRA 2 (Form of intimation of appointment of Cost Auditor by the Company to the Central Government)	Company delayed the filing of form CRA 2 (which was due on September 27, 2021) with respect to Form of intimation of appointment of Cost Auditor by the Company to the Central Government. However, it was filed on September 28, 2021 due to inadvertence.
2.	MSME	Company delayed the filing of form MSME Form (which was due on October 30, 2021) with respect to form for furnishing half yearly return with the Registrar in respect of outstanding payment of Micro or Small Enterprise. However, it was filed on November 1, 2021 due to issues with the portal.
3.	DPT 3 (Return of deposits)	Company delayed the filing of form DPT 3 (which was due on September 30, 2021) with respect to return of deposits. However, it was filed on November 26, 2021 along with additional fees.
4.	CHG 1 (Registration or modification of charge)	Company delayed the filing of form CHG 1 Form (which was due on February 23, 2022) with respect to registration or modification of charge. However, it was filed on March 22, 2024 by the bankers.
	CHG 1 (Registration or modification of charge)	Company delayed the filing of form CHG 1 Form (which was due on March 30, 2022) with respect to registration or modification of charge. However, it was filed on April 28, 2022 by the bankers.
	MSME	Company delayed the filing of form MSME Form (which was due on March 31, 2022) with respect to form for furnishing half yearly return with the Registrar in respect of outstanding payment of Micro or Small Enterprise. However, it was filed on April 28, 2022 along with additional fees
	MGT 14 (Filing of resolutions and agreements to registrar)	Company delayed the filing of form MGT 14 (which was due on March 25, 2022) with respect to filing of resolutions and agreements to the Registrar under section 117 of the Companies Act, 2013. However, it was filed on June 11, 2022 along with additional fees.
	Delay of six days in monthly filing of Employees' State Insurance and Employees' Provident fund returns.	The Employees' State Insurance and Employees' Provident fund returns due date is 15 <sup>th</sup> of every month. However, in April 2021, our Company had delayed the filing by 6 days i.e., to April 21, 2021 .

FY 2022-2023:

<b>S. No.</b>	<b>Non-Compliance</b>	<b>Remark</b>
1.	CRA 4 (Form for filing Cost Audit Report with the Central Government)	Company delayed the filing of form CRA 4 (which was due on October 8, 2022) with respect to Form for filing Cost Audit Report with the Central Government under section 148(6) of the Companies Act, 2013. However, it was filed on November 25, 2022 along with additional fees.

2.	AOC 4 (Form for filing XBRL document in respect of financial statement and other documents with the Registrar)	Company delayed the filing of form AOC 4 (which was due on October 26, 2022) with respect to filing of financial statement and other documents with the Registrar under section 137 of the Companies Act, 2013. However, it was filed on November 11, 2022 along with additional fees.
3.	MGT 14 (Filing of resolutions and agreements to registrar)	Company delayed the filing of form MGT 14 (which was due on April 30, 2022) with respect to filing of resolutions and agreements to the Registrar under section 117 of the Companies Act, 2013. However, it was filed on May 27, 2022 along with additional fees.
4.	BSE has imposed fine of INR 35,000 for non-compliance with disclosure of related party transactions on a consolidated basis under regulation 23(9) of SEBI LODR Regulations	Company has paid the fine with stock exchange on July 27, 2022.

FY 2023-2024:

S. No.	Non-Compliance	Remark
1.	E-form CHG 1 (Registration or modification of charge)	Our Company has availed of a credit facility aggregating to Rs. 2,278.00 Lakhs from Union Bank of India. Our material subsidiary has also availed the credit facility of INR 1711 Lakhs which is, inter alia, secured by a corporate guarantee by us. The Company had belatedly filed e-form CHG 1 due to takeover hurdles with the bank.

The nature of the business of our Company attracts tax liability such as Income tax & Goods and Service Tax and other applicable provisions of the Acts. However, our Company has been depositing the return under above applicable acts but any demand or penalty raised by the concerned authority in future for any previous year and the current year will affect the financial position of our Company. Any such penalty arising in future may lead to financial loss to our Company.

**27. *Our insurance coverage may not adequately protect us against certain operating risks and this may have as adverse effect on the results of our business.***

We are insured for risks associated with our manufacturing business, through policies such as Burglary Standard Policy. We believe we have got our assets adequately insured; however, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, to cover all material losses. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business and results of operations could be adversely affected. Our policy of covering these risks through insurance may not always be effective or adequate. Failure to effectively cover ourselves against the associated risks for any of these reasons including other unforeseen circumstances could expose us to substantial costs and potentially lead to material losses. Faults in designing and installation might also require repair work, which may not be foreseen or covered by our insurance. In addition, if there is a customer dispute regarding our performance or workmanship, the customer may delay or withhold payment to us. For details on insurance policies taken by our Company please see page no. 78 in chapter titled "Our Business" of the Draft Letter of Offer.

**28. *The future operating results are difficult to predict and may fluctuate or adversely vary from the past performance.***

Our Company's operating results may fluctuate or adversely vary from past performances in the future due to a number of factors, many of which are beyond our Company's control. The results of operations during any financial year or from period to period may differ from one another or from the expected results operation. Its business, results of operations and financial condition may be adversely affected by, inter alia, a decrease in the growth and demand for the products offered by the us or any strategic alliances which may subsequently become a liability or non-profitable. Due to various reasons including the above, the future performance may fluctuate or adversely vary from our past performances and may not be predictable.



For further details of our operating results, section titled “Financial Information” beginning on [●] of this Draft Letter of Offer.

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

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. Our business is working capital intensive, we may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. Our Company has not declared dividends in the past and there can be no assurance that our Company will declare dividends in the future. For further details, please refer to the chapter titled “Dividend Policy” on page 109 of this Draft Letter of Offer.

**30. *Our business is dependent on the performance of textile industries where our products are utilized. Uncertainty regarding textile industries could adversely affect demand for our products, our costs of doing business and our financial performance.***

Our products are primarily used in the textile industries. The textile industry is cyclical in nature and is sensitive to general economic conditions and factors such as consumer demand, consumer confidence, inflation, employment, disposable income levels and demographic trends. A slowdown in the textile industry may result in a reduction in the volume of our business, which could materially and adversely affect our business, financial condition and results of operations. The performance of these sectors, and consequently the demand for our products in these sectors, are dependent on economic and other factors such as government policies, regulations and budgetary allocations as well as investments made in these industries and sectors.

**31. *Textile Industry is an extremely competitive industry and we may not be able to maintain our market position, which in turn may adversely impact our business, results of operations and financial condition.***

Our products are based on fashion as well as specific needs of customers. The rapidly changing fashion trends require companies to be agile and responsive to market demands. To address this, our Company has developed a robust marketing and distribution system. By establishing direct communication channels with retailers and end-users, we gain valuable market insights and real-time information about emerging trends. This enables us to adapt quickly and align our product offerings with the latest fashion trends, ensuring relevance and competitiveness in the market. We also undertake research activities with our suppliers to ensure that varied range of products are produced. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations. The segment to which we cater is fragmented and continues to be dominated by unorganized suppliers. We believe that in order to compete effectively, we must continue to maintain our reputation, be flexible and innovative in responding to rapidly changing market demands and consumer preferences, and offer consumers a wide variety of high-quality Products at competitive prices. However, we may face risk of duplication of our products. There can be no assurance that we can effectively compete with our competitors in the future. We have not entered into any non-disclosure agreements with our intermediaries and thus our efforts towards our marketing and manufacturing research activities may be leaked to other players in the market. This may affect the demand and exclusivity of our products and make us subject to fierce competition thereby adversely affecting our business, financial condition and results of operations

**32. *Compliance with, and changes in, safety, may adversely affect our business prospects, financial condition and results of operations.***

Due to the nature of our business, we expect to be or continue to be subject to various labour, workplace, taxation and related laws and regulations. Amendments to any such statutes may impose additional provisions to be followed by our Company and accordingly our Company needs to incur clean-up and remediation costs, as well as damages, payment of fines or other penalties, closure of production facilities for non-compliance, other liabilities and related litigation, could adversely affect our business, prospects, financial condition and results of operations.

**33. *The industry in which we operate is labour intensive and our operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees.***

Our industry being labour intensive is dependent on labour force for carrying out its operations. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. We have not experienced any major disruptions in our business operations due to disputes or other problems with our work force in the past; however; there can be

no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

**34. *We may not be successful in implementing our business strategies.***

The success of our business depends substantially on our ability to implement our business strategies effectively. Even though we have successfully executed our business strategies in the past, there is no guarantee that we can implement the same on time and within the estimated budget going forward, or that we will be able to meet the expectations of our targeted clients. Changes in regulations applicable to us may also make it difficult to implement our business strategies. Failure to implement our business strategies would have a material adverse effect on our business and results of operations.

**35. *Our Company's failure to maintain the quality standards of the products could adversely impact our business, results of operations and financial condition.***

Our products depend on customer's expectations and choice or demand of the customer and trends in the fashion industry. Any failure to maintain the quality standards of our products may affect our business. Our Company has an in-house quality check team for quality assurance for the products manufactured and distributed domestically. We adopt a quality check process and quality check is done at every stage of manufacturing to ensure adherence to desired specifications, quality and colours.

Although we have put in place strict quality control procedures, we cannot assure that our products will always be able to satisfy our customers' quality standards. Since we operate in the garment manufacturing sector, we may face the risk of potential legal proceedings and claims being brought against us by our customers/wholesalers for any defective product sold or any dissatisfaction caused to them. In the event that we are found to be liable for any product liability claim, we could be required to pay substantial monetary damages. Although, we maintain sufficient coverage of insurance for our products, the compensation awarded to us by the insurance company may not be adequate to compensate the claimants. Further, even if we successfully defend ourselves against a claim, or successfully claim back compensation from others, we may need to spend a substantial amount of time and money in defending such a claim and in seeking compensation, and our reputation could suffer.

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, our operations and our results from operations. Infrastructure or other events could impair our procurement of raw materials and our ability to supply our products to our customers which in turn may adversely affect our business operations and our financial condition.

**36. *We are subject to the risk of failure of, or a material weakness in, our internal control systems.***

We are exposed to risks arising from the inadequacy or failure of internal systems or processes, and any actions we may take to mitigate these risks may not be sufficient to ensure an effective internal control environment. Given our high volume of transactions, errors may be repeated or compounded before they are discovered and rectified. Our management information systems and internal control procedures may not be able to identify non-compliance or suspicious transactions in a timely manner, or at all. Where internal control weaknesses are identified, our actions may not be sufficient to fully correct such weaknesses. In addition, several of our collection related processes are yet to be fully automated, which may increase the risk that human error, tampering or manipulation will result in losses that may be difficult to detect. As a result, we may incur expenses or suffer monetary losses, which may not be covered by our insurance policies and may result in a material effect on our business, financial condition and results of operations.

**37. Major fraud, lapses of internal control or system failures could adversely impact our Company's business.**

Our Company is vulnerable to risk arising from the failure of employees to adhere to approved procedures, system controls, fraud, system failures, information system disruptions, communication systems failure and interception during transmission through external communication channels or networks. Failure to protect fraud or breach in security may adversely affect our Company's operations and financial performance. Our reputation could also be adversely affected by significant fraud committed by our employees, agents, customers or third parties.

**38. We have not entered into any technical support service for the maintenance and smooth functioning of our equipment and machinery, which may affect our performance.**

Our manufacturing processes involve the daily use of technical equipment and machineries. They require periodic maintenance checks and technical support in the event of technical breakdown or malfunction. Our company has not entered into any technical support service agreements with any competent third party. However, our Company has an in-house team for the maintenance and advancement of machinery. Our failure to reduce the downtime in case such events occur may adversely affect our productivity, business and results of operations.

**39. The deployment of funds raised through this Issue shall not be subject to any Monitoring Agency and shall be purely dependent on the discretion of the management of our Company.**

Since the Issue size is less than Rs.5000 lakh, there is no mandatory requirement to appoint an Independent Monitoring Agency to oversee the deployment of utilization of funds raised through this Issue. The deployment of these 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. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

**40. We have not commissioned an industry report for the disclosures made in the section titled 'Industry Overview' and made disclosures on the basis of the data available on the internet and such data has not been independently verified by us.**

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the section titled "Industry Overview" beginning on page 64 of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

**41. We have not made any alternate arrangements for meeting our capital requirements for the Objects of the offer. Further we have not identified any alternate source of financing the 'Objects of the Offer'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.**

As on date, we have not made any alternate arrangements for meeting our capital requirements for the objects of the offer. We meet our capital requirements through our bank finance, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details, please refer to the chapter titled "Objects of the Issue" beginning on page 56 of this Draft Letter of Offer.

## **OFFER RELATED RISKS**

**42. SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, January 19, 2021, April 22, 2021, October 01, 2021 and May 19, 2022 streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Draft Letter of Offer.**

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently

devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, January 19, 2021, April 22, 2021, October 01, 2021 and May 19, 2022, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, please refer the section titled 'Terms of the Issue' beginning on page 133. 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 38pprox.38alizedsed form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; I(e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

**43. *Our company will not distribute the draft letter of offer, letter of offer and application form to certain overseas Shareholders who have not provided an address in India for service of documents.***

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

**44. *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 Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible 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 dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On-Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements.

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

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

**46. *Any further issuance of Equity Shares by Our Company or sales of Equity Shares by any significant shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by our Company could dilute the investor's shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

**47. *There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect your ability to sell, or the price at which you can sell, Equity Shares at a particular point in time.***

We are subject to a daily "circuit breaker" imposed by all Stock Exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on our circuit breakers is set by the Stock Exchanges based on the historical volatility in the price and trading volume of our Equity Share.

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

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

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

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

We present our financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar, such as IFRS and U.S. GAAP. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements included in this Draft Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should be limited accordingly.

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

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

equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short-term capital gains tax in India.

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

The Government of India has announced the union budget for the Fiscal 2024, pursuant to which the Finance Bill has introduced various amendments. The Finance Bill has received assent from the President of India on March 31, 2023, and has been enacted as the Finance Act. There is no certainty on the impact of Finance Act 2021 on tax laws or other regulations, which may adversely affect the Bank's business, financial condition, results of operations or on the industry in which we operate. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

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

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

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

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

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

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

We cannot assure investors that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

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

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

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

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

**55. *In the event there is any delay in the completion of the Issue, there would be a corresponding delay in the completion of the objects / schedule of implementation of this Issue which would in turn affect our revenues and results of operations.***

The funds that we receive would be utilized for the Objects of the Issue as has been stated in the section titled '*Objects of the Issue*' beginning on page 56. The proposed schedule of implementation of the objects of the Issue is based on our management's estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, we may have to revise our business, development and working capital plans resulting in unprecedented financial mismatch and this may adversely affect our revenues and results of operations.

**56. Investors will be subject to market risks until the Issue Shares credited to their demat accounts are listed and permitted to trade.**

Investors can start trading the Issue Shares allotted to them only after they are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Issue Shares to the date when trading approval is granted for them. Further, we cannot assure you that the Issue Shares allocated to an Investor will be credited to the Investor's demat account or that trading in the Equity Shares will commence in a timely manner.

**57. Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form and the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") 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 Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be credited in a dematerialized form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of the Equity Shares and except the pending transfers). For details, refer the section titled 'Terms of the Issue – Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form' on page 135 of this Draft of Letter of Offer.

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

Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. This further means that they will have no voting rights in respect of the Equity Shares. For details, see "Terms of the Issue – Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" starting from page 135 of this Draft Letter of Offer.

**59. The Eligible Equity Shareholders holding Equity Shares in physical form will have no voting rights in respect of Equity Shares until they provide details of their demat account and Equity Shares are transferred to such demat account from the demat suspense account thereafter.**

The Equity Shares will be credited to a demat suspense account to be opened by our Company, in case of Allotment in respect of resident Eligible Equity Shareholders holding Equity Shares in physical form and who have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date. Such Eligible Equity Shareholders are required to send, amongst others, details of their demat accounts to our Company or the Registrar to enable our Company to transfer, after verification of the details of such demat account by the Registrar, the Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders. Unless and until such Eligible Equity Shareholders provide details of their demat account and the Equity Shares are transferred from demat suspense account to such demat accounts thereafter, they will have no voting rights in respect of Equity Shares. For details, see 'Terms of the Issue' on page 133 of this Draft Letter of Offer.

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

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020 and May 6, 2020, read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, SEBI circular



SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “Terms of the Issue” on page 133 of this Draft Letter of Offer. In accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

## **External Factors**

***61. Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.***

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations

***62. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business and financial performance.***

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Please refer to details of the laws currently applicable to us. There can be no assurance 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 jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

***63. Financial instability in Indian financial markets could adversely affect Our Company's results of operations and financial condition.***

In this globalized world, the Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, say in the United States of America, Europe, China or other emerging economies, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our Company's business, operations, financial condition, profitability and price of its Shares. Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities.

***64. Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.***

The GOI has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

**65. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

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

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

**67. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.***

India's physical infrastructure is in the developing phase compared to that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.

**68. *Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.***

Any adverse revisions to India's credit ratings for domestic and international debt by 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 may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

**69. *Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.***

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

**70. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.**

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the terrorist attacks, other incidents such as those in US, Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares

**71. Any adverse application or interpretation of the Competition Act could adversely affect our business**

The Competition Act, 2002, as amended (the "**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly: (i) involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services; (ii) shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market; or (iii) results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI.

If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any award passed by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, cash flows and results of operations.

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

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

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, SARS, the H1N1 and H5N1 viruses and the COVID-19 pandemic caused an economic downturn in several major economies and generated volatility in, and general adverse impact on, the global securities markets, including in India. Further, it is not possible for us to predict the extent and duration of this volatility and adverse impact on the global or Indian securities markets, including any possible impact on our Equity Shares. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India and could then adversely affect our business, financial performance and the price of our Equity Shares.

Further deterioration in the global economy as a result of Pandemics, or the perception that such deterioration could occur, may continue to adversely affect global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could adversely affect our business, cash flows, results of operations, financial condition and reduce the price of our Equity Shares. Any financial disruption could materially and adversely affect our business, results of operations, Shareholders' equity and the price of our Equity Shares.

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

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

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

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

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

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

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

Further, the Government of India has announced the Union Budget for the Fiscal 2024 pursuant to which the Finance Act, 2023 has introduced various amendments to taxation laws in India. Amendments made pursuant to the Finance Act, 2023 may have an impact on our business, financial condition and results of operations. As a result, any such changes or interpretations could adversely affect our business and financial performance. There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Our Company has not made relevant provisions for the same, as on date. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Any political instability in India, such as corruption, scandals and protests against certain economic reforms, which have occurred in the past, could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

Further, the Government of India is considering the enactment of the Digital Personal Data Protection Bill, 2023 (“**Data Protection Bill**”) on personal data protection for implementing organizational and technical measures in processing personal data and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. The Data Protection Bill has been recently approved by the Union Cabinet on July 5, 2023 and Lok Sabha on August 7, 2023. The Data Protection Bill, if passed into law, would require companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal and a data auditor to evaluate compliance with such Data Protection Bill.

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

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

In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India

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

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

## SECTION IV – INTRODUCTION

### THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on January 10, 2024 and January 11, 2024 pursuant to Section 62(1)(a) of the Companies Act and other applicable laws. The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by the information detailed in the chapter titled “*Terms of the Issue*” on page 133 of this Draft Letter of Offer.

Particulars	Details of Equity Shares
<b>Equity Shares proposed to be issued</b>	Upto [●] Equity Shares
<b>Rights Entitlement</b>	Upto [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
<b>Fractional Entitlement</b>	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in multiples of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
<b>Record Date</b>	[●]
<b>Face value per Equity Shares</b>	₹ 1/-
<b>Issue Price per Rights Equity Shares</b>	₹ [●]/-
<b>Issue Size</b>	Upto ₹ [●] Equity Shares of face value of ₹ 1 each for cash at a price of ₹ [●] (Including a premium of ₹ [●] per Rights Equity Share not exceeding an amount of ₹ 4,800 lakhs. On Application, Investors will have to pay ₹[●]- (Rupees [●] Only) per Rights Equity Share which constitutes 25.00% (Twenty Five Percent) of the Issue Price, and the balance ₹[●]/- (Rupees [●] per Rights Share which constitutes 75.00% (Seventy Five Percent) of the Issue Price, will have to be paid, on one or more additional calls as may be decided by the Board/ Rights Issue Committee of the Board from time to time.
<b>Voting Rights and Dividend</b>	The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
<b>Equity Shares issued, subscribed and are outstanding prior to the Issue</b>	20,07,68,100 Equity Shares
<b>Equity Shares paid-up and outstanding prior to the Issue</b>	20,07,68,100 Equity Shares
<b>Equity Shares issued, subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)</b>	[●]
<b>Money payable at the time of Application/ Terms of payment</b>	₹ [●]
<b>Scrip Details</b>	<b>ISIN:</b> INE653S01028 <b>BSE:</b> 539216 <b>Symbol:</b> GARMNTMNR <b>Rights Entitlement ISIN:</b> [●]
<b>Use of Issue Proceeds</b>	For details, please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 56 of this Draft Letter of Offer.
<b>Terms of the Issue</b>	For details, please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 133 of this Draft Letter of Offer.

## **Issue Schedule**

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

<b>Event</b>	<b>Indicative Date</b>
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights Entitlement*	[●]
Issue Closing Date**	[●]

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

*\*\*The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*



## GENERAL INFORMATION

Our Company was originally incorporated as ‘Junction Fabrics and Apparels Private Limited’ on November 15, 2011 as a private limited company, under the Companies Act, 1956 and a certificate of incorporation was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a resolution passed by our Shareholders in the EGM held on March 05, 2015 and consequently, the name of our Company was changed to ‘Junction Fabrics and Apparels Limited’ and a fresh certificate of incorporation dated March 24, 2015 was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. Subsequently, the name of our Company was changed to ‘*Garment Mantra Lifestyle Limited*’ pursuant to a resolution passed by our Shareholders in their EGM held on January 4, 2020, and a fresh certificate of incorporation dated March 16, 2020 was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. At the time of incorporation, the Registered Office of our Company was situated at No. 18(1)24, Workshop Street, Khaderpet, Tirupur-641601, Tamil Nadu, India. The details of the changes undertaken in the Registered Office of our Company have been provided below:

S. No.	Date of change	Particulars of change
1.	September 18, 2017	The Registered Office was subsequently shifted from No. 18(1)24, Workshop Street, Khaderpet, Tirupur-641 601, Tamil Nadu, India to No. 15, Murthy’s Plaza, Karia Gounder Street, Khaderpet, Tirupur-641601, Tamil Nadu, India for administrative convenience.

### Registered and Corporate Office of our Company

The address and certain other details of our Registered and Corporate Office are as follows:

#### **Garment Mantra Lifestyle Limited**

No. 15, Murthy’s Plaza, Karia Gounder Street,  
 Khaderpet, Tirupur-641601,  
 Tamil Nadu, India

**Telephone:** +91-421-4336896

**Fax No.:** NA

**E-mail:** accounts@junctionfabrics.in

**Website:** www.garmentmantra.com

**Registration Number:** 017586

**CIN:** L18101TZ2011PLC017586

### Registrar of Companies

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

#### **Registrar of Companies,**

No.7, AGT Business Park, I Floor, Phase II,  
 Avinashi Road, Civil Aerodrome Post,  
 Coimbatore- 641014, Tamil Nadu, India.

**Telephone:** (0422) -2629640, 2628170

**Facsimile:** 0422-2628089

### Board of Directors of our Company

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

Name	Age	Designation	Address	DIN
Prem Aggarwal	60	Chairman and Managing Director	33 <sup>3</sup> , 3rd floor ,1st Cross, Opp. Rajdhani building, College Road, Tiruppur-641602, Tamil Nadu, India	02050297

<b>Name</b>	<b>Age</b>	<b>Designation</b>	<b>Address</b>	<b>DIN</b>
Shikha Aggarwal	59	Executive/ Whole-time Director	333, 3rd floor ,1st Cross, Opp. Rajdhani building, College Road, Tiruppur-641602, Tamil Nadu, India	03373965
Subramanian Thirumurugan	51	Non-Executive/ Independent Director	Old no. 255DA / 136 New No 347, Ganapathy Nagar, Perambalur, 621212, Tamil Nadu, India	03107366
Thangamuthu Muthiah	71	Non-Executive/ Independent Director	38, Deputy Collector Colony, 2nd Street, KK Nagar, Alavandan, Gandhi Nagar, Madurai – 625 020, Tamil Nadu, India	09550682
Deva Kumar	34	Non-Executive/ Independent Director	3/46, Nadar Perumapalayam, Sullipalayam, Erode – 638 057, Tamil Nadu, India	09243364

For detailed profile of our directors, please refer to the chapter titled “*Our Management*” on page 97 of this Draft Letter of Offer.

### **Chief Financial Officer**

**Aditya Aggarwal** is the Chief Financial Officer of our Company. His contact details are set forth hereunder.

333, 3rd floor ,1<sup>st</sup> Cross, Opp. Rajdhani building,  
College Road, Tiruppur-641602,  
Tamil Nadu, India  
**Telephone:** +91-421-4336896/+91- 9626921930  
**Fax No.:** NA  
**E-mail:** agarwaladitya1712@gmail.com

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

**Lakshmi Priya. K** is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

No. 15, Murthy’s Plaza, Karia Gounder Street,  
Khaderpet, Tiruppur-641601,  
Tamil Nadu, India  
**Telephone:** +91-421-43368963/+91- 8754098957  
**Fax No.:** NA  
**E-mail:** companysecretary@junctionfabrics.in

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

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

##### **Bigshare Services Private Limited**

Office No S6-2, 6<sup>th</sup> floor Pinnacle Business Park,  
Next to Ahura Centre, Mahakali Caves Road,  
Andheri–(East) Mumbai - 400093, India.  
**Telephone:** +91 22 6263 8200  
**E-mail:** rightsissue@bigshareonline.com  
**Website:** www.bigshareonline.com  
**Investor grievance:** inverstor@bigshareonline.com  
**SEBI Registration No:** MB/INR000001385  
**Contact person:** Mr. Suraj Gupta

### **Legal Advisor to the Issue**

**Name:** Deepa Panicker  
**Address:** D/204, Niranjan CHS, Chikuwadi, Borivali West,  
Mumbai- 400092  
**Telephone:** +91 9870147801  
**Email:** deepapanicker2017@gmail.com  
**Bar Council No.** MAH/623/2016

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

**N B T and Co,**  
Chartered Accountants,  
201, 2<sup>nd</sup> Floor, Mahindra M-Space,  
Off Aarey Road, Next to Meenatai Thackeray Blood Bank,  
Goregaon (W), Mumbai- 400 104,  
Maharashtra, India.  
**Telephone:** +91 897 660 0300  
**Email:** nbtco@gmail.com  
**Website:** www.nbtco.in  
**Contact Person:** Ashutosh Biyani  
**Membership No.:** 165017  
**Firm Registration No.:** 140489W  
**Peer Review Certificate No.:** 013928

### **Bankers to the Issue/ Refund Bank**

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

### **Designated Intermediaries**

#### *Self-Certified Syndicate Banks*

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

### **Inter-se allocation of responsibilities**

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

### **Expert Opinion**

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

Our Company has received written consent dated September 30, 2024 from the Statutory Auditor to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its examination report dated September 30, 2024 on our Restated Financial Information for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022; and (iii) the statement of tax benefits dated September 30, 2024 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

### **Investor grievances**

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

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

### **Credit Rating**

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

### **Debenture Trustees**

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

### **Monitoring Agency**

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

### **Filing**

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

### **Changes in Auditors during the last three years**

There has been no change in the Statutory Auditors of our Company during the last three years.

### **Underwriting Agreement**

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

### **Issue Schedule**

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

<b>Event</b>	<b>Indicative Date</b>
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights Entitlement <sup>#</sup>	[●]
Issue Closing Date*	[●]

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

*#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.*

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

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●], [●] 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., [●], [●]. 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 at [www.bigshareonline.com](http://www.bigshareonline.com). Such Eligible Equity Shareholders can make an application only after the Rights Entitlements are credited to their respective demat accounts.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date.

Our Company or the Registrar will not be liable for any loss on account of non-submission of Application Forms 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 - Process of making an Application in the Issue*” on page 135 of this Draft Letter of Offer. 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 [www.bigshareonline.com](http://www.bigshareonline.com), after keying in their respective details along with other security control measures implemented thereat. For further details, see “*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 150 of this Draft Letter of Offer.

**Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse 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 Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.**

### **Minimum Subscription**

The objects of the Issue involve financing other than financing of capital expenditure for a project. Since Promoters and the Promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group, minimum subscription criteria provided under Regulation 86(1) of the SEBI ICDR Regulations shall not be applicable to this Issue. In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of at least 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 in accordance with the SEBI Master Circular. If there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates as prescribed under the applicable laws.

## CAPITAL STRUCTURE

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

*(Amount in ₹ Lakhs, except share data)*

S. No.	Particulars	Aggregate value at nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	52,00,00,000 Equity Shares of ₹ 1 each	5,200.00	
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Issue</b>		
	20,07,68,100 Equity Shares of face value of ₹ 1 each	2,007.68	
<b>C.</b>	<b>Present Issue in terms of this Draft Letter of Offer<sup>(1)</sup></b>		
	Up to [●] Equity Shares of ₹ 1 each	[●]	[●]
<b>D.</b>	<b>Issued, Subscribed and Paid-Up Share Capital after the Issue<sup>(2)</sup></b>		
	[●] Equity Shares of face value of ₹ 1 each	[●]	
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Issue	256.16	
	After the Issue	[●]	

<sup>(1)</sup> The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated January 10, 2024 and January 11, 2024. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Board at its meeting held on [●].

<sup>(2)</sup> Assuming full subscription for and Allotment of Equity Shares. Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue related expenses.

- (a) On Application, Investors will have to pay ₹[●]- (Rupees [●] Only) per Rights Equity Share which constitutes 25.00% (Twenty Five Percent) of the Issue Price, and the balance ₹[●]- (Rupees [●]) per Rights Share which constitutes 75.00% (Seventy Five Percent) of the Issue Price, will have to be paid, on one or more additional calls as may be decided by the Board/ Rights Issue Committee of the Board from time to time.

### NOTES TO CAPITAL STRUCTURE

#### 1. Details of outstanding instruments as on the date of this Draft 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 the Equity Shares as on the date of filing of this Draft Letter of Offer.

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

The objects of the Issue involve financing other than financing of capital expenditure For a project since Promoters and the Promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group, Accordingly, minimum subscription criteria provided under Regulation 86(1) of the SEBI ICDR Regulations is not applicable to the Issue. Each of our Promoters have reserved their right to subscribe over and above their Rights Entitlement in the Issue, either in the form of subscription to the Rights Entitlement renounced in their favour or subscription to Additional Rights Equity Shares or the unsubscribed portion in the Issue, in accordance with and subject to compliance with the SEBI ICDR Regulations, SEBI Listing Regulations, SEBI Takeover Regulations and other applicable laws.

#### 3. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations

- i. The shareholding pattern of our Company as on September 30, 2024, can be accessed on the website of

the BSE at <https://www.bseindia.com/stock-share-price/garment-mantra-lifestyle-ltd/garmntmnr/539216/qtrid/123.00/shareholding-pattern/Sep-2024/>.

- ii. Statement showing shareholding pattern of the Promoters including details of lock-in, pledge of and encumbrance thereon, as on September 30, 2024 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=539216&qtrid=123.00&QtrName=Sep-24>.
- iii. Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on September 30, 2024 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=539216&qtrid=123.00&QtrName=Sep-24>.

**4. Details of shares locked-in, pledged, encumbrance by Promoter and promoter group:**

As on the date of this Draft Letter of Offer, the shareholding of our Promoters and members forming part of our Promoter Group have not been pledged or otherwise encumbered.

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

The details of the acquisition made by our Promoters and members of our Promoter Group in the preceding one year can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/garment-mantra-lifestyle-ltd/garmntmnr/539216/disclosures-insider-trading-2015/>

Except as mentioned above, our Promoters and members of our Promoter Group, have not acquired any Equity Shares in the last one year immediately preceding the date of filing of the Draft Letter of Offer.

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

The table sets forth the details of Equity Shareholders holding more than 1% of the issued and paid-up Equity Share capital of our Company, as of September 30, 2024:

S. No.	Name of Equity Shareholders	Number of Equity Shares held	Percentage of Equity Shares held (%)
1.	Prem Aggarwal	5,51,99,192	27.49
2.	Shikha Aggarwal	46,24,086	2.30
3.	Arun Kumar Ganeriwala	32,00,000	1.59
4.	Rashmi Lohia	23,00,000	1.15
5.	Mahendra Prasad	27,44,962	1.37

6. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●]/- per equity share. At any given time, there shall be only one denomination of the Equity Shares of our Company. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Equity Shares allotted pursuant to the Issue, shall be fully paid up.

## OBJECTS OF THE ISSUE

We intend to utilize the proceeds of the Issue, after deducting the Issue related expenses, as estimated to be ₹ [●] lakhs (the “**Net Proceeds**”) towards the following objects:

1. To meet working capital requirements; and
2. General corporate purposes.

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

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enable us to undertake the activities for which the funds are being raised through the Issue. The existing business activities of our Company are as per the objects clause set out in the Memorandum of Association.

### Issue Proceeds

The details of the proceeds of the Issue are set out in the following table:

Particulars	Estimated amount <sup>(1)</sup>
Gross Proceeds from the Issue	[●]
(Less) Issue related expenses	[●]
<b>Net Proceeds</b>	[●]

<sup>(1)</sup>To be finalized on determination of the Issue Price and updated in the Letter of Offer.

### Requirement of Funds and Utilization of Net Proceeds

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

Sr. No.	Particulars	Estimated amount
1.	To meet working capital requirements of our Company	Up to 3,250.00
2.	General corporate purposes <sup>(1)</sup>	[●]
<b>Total Net Proceeds<sup>(2)</sup></b>		[●]

<sup>(1)</sup>To be finalized on determination of the Issue Price and updated in the Letter of Offer. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.

<sup>(2)</sup>Assuming full subscription in the Issue.

### Schedule of Implementation and Means of Finance

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

Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Amount to be funded from internal accruals	Estimated Utilisation of Net Proceeds
				Fiscal 2025
1.	To meet working capital requirements of our Company	3,250.00	7,175.19	3,250.00
2.	General corporate purposes <sup>#</sup>	[●]	Nil	[●]

<sup>#</sup>To be finalized on determination of the Issue Price and updated in the Letter of Offer.

Since, the entire fund requirement of the objects detailed above are intended to be funded from the Net Proceeds. In view of the above, we confirm that the requirement to obtain firm arrangements of finance under Relation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Issue is not applicable to our Company.



The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan and management estimates, quotation from suppliers, and other commercial factors. We may have to revise our funding requirements and deployment on account of variety of factors such as our financial and market condition, government approval and clearance, business and strategy, competition, negotiation with suppliers, variation in cost estimates on account of factors, and other external factors including changes in the price of the exhibition material prices which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, subject to compliance with applicable law. For further details, see “*Risk Factors*” beginning on page no 22 of this Draft Letter of Offer.

The Objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution. To the extent our Company is unable to utilize any portion of the Net Proceeds towards the Object, as per the estimated schedule of deployment specified above; our Company shall deploy the Net Proceeds in the subsequent Financial Year(s) towards the Objects. In case of variations in the actual utilization of funds earmarked for the purpose set forth or shortfall in the Net Proceeds or delay in raising funds through the Issue, increased fund requirements for a particular purpose may be financed from our internal accruals and/ or debt financing, as required. If the actual utilization towards the Objects is lower than the proposed deployment, such balance will be used for future growth opportunities including funding existing objects, if required, will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds from the Issue in accordance with the SEBI ICDR Regulations. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds. For further details on the risks involved in our business plans and executing our business strategies, please see the section titled “*Risk Factors*” beginning on page no. 22 of this Draft Letter of Offer.

### **Details of Objects of the Issue**

#### **1. To meet working capital requirements**

With the expansion of the business, company will be in the need of additional working capital requirements. We fund a majority of our working capital requirements in the ordinary course of business from banks facilities and internal accruals. Our Company requires additional working capital for funding its incremental working capital requirements and releasing the internal accruals deployed in working capital.

Our Company proposes to utilize ₹ 3,250.00 lakhs of the Net Proceeds in Fiscal 2025 towards our Company’s working capital requirements. The balance portion of the working capital requirement shall be met from the borrowings availed and internal accruals of the Company. The incremental and proposed working capital requirements and key assumptions with respect to the determination of the same are mentioned below:

**Details of Estimation of Working Capital requirement are as follows:**

(₹ In lakhs)

Sr No	Particulars	Restated Financial Statements			Estimations	
		March 2022	March 2023	March 2024	March 2025	March 2026
(A)	Current assets					
(a)	Trade receivables	3,183.75	4,349.52	4,053.88	5,036.32	5,640.68
(b)	Other current assets	459.48	187.75	596.68	1,510.90	1,692.20
(c)	Inventories	5,320.60	4,535.37	5,873.39	6,043.59	6,768.82
	<b>Total Current Assets (A)</b>	<b>8,963.3</b>	<b>9,072.63</b>	<b>10,523.94</b>	<b>12,590.80</b>	<b>14,101.70</b>
(B)	Current liabilities					
(a)	Trade payables	1,891.88	1,740.19	2,788.28	1,510.90	1,692.20
(b)	Other current liabilities	50.70	516.97	450.40	503.63	564.07
(c)	Short term provisions	172.51	90.37	143.24	151.09	169.22

	<b>Total Current liabilities (B)</b>	<b>2,115.09</b>	<b>2,347.53</b>	<b>3,381.93</b>	<b>2,165.62</b>	<b>2,425.49</b>
(C)	<b>Total working capital-I requirement (A - B)</b>	<b>6,848.74</b>	<b>6,725.10</b>	<b>7,142.02</b>	<b>10,425.19</b>	<b>11,676.21</b>
(D)	Existing funding pattern					
	Internal accruals and Current Borrowings (other than current maturities of non-current borrowings)	6,848.74	6,725.10	7,142.02	7,175.19	11,676.21
	Issue proceeds	Nil	Nil	Nil	3,250.00	Nil

#### Assumptions for working capital requirements

The following table sets forth the details of the holding period (with days rounded to the nearest whole number) considered for years ended March 31, 2024, March 31, 2023 and March 31, 2022, as well as projections for financial year ended March 31, 2025 and March 31, 2026.

<b>Particulars</b>	<b>Fiscal 2022 (Actual)</b>	<b>Fiscal 2023 (Actual)</b>	<b>Fiscal 2024 (Actual)</b>	<b>Fiscal 2025 (Estimated)</b>	<b>Fiscal 2026 (Estimated)</b>
Current Assets					
(a) Trade receivables	57	92	90	100	100
(b) Other current asset	8	4	13	30	30
(c) Inventories	95	96	131	120	120
Current Liabilities					
(a) Trade payables	34	37	62	30	30
(b) Other current liabilities	1	11	10	10	10
(c) Short term provisions	3	2	3	3	3

The working capital projections made by the Company are based on certain key assumptions, as set out below:

<b>S. No</b>	<b>Particulars</b>	<b>Assumptions and Justifications</b>
<b>Current Assets</b>		
1.	Trade receivables	The holding levels of trade receivables were 57 days in Fiscal 2022, 92 days in Fiscal 2023 and 90 days in Fiscal 2024. We expect the holding level for Fiscal 2025 and Fiscal 2026 to be 100 days.
2.	Other current assets	In the past, the holding levels were 8 days in Fiscal 2022, 4 days in Fiscal 2023 and 13 days in Fiscal 2024. We expect the holding level for Fiscal 2025 and 2026 to be 30 days.
3.	Inventories	The holding levels of inventory were 95 days in Fiscal 2022, 96 days in Fiscal 2023 and 131 days in Fiscal 2024. We expect the holding level to reduce to 120 days in Fiscal 2025 and Fiscal 2026.
<b>Current Liabilities</b>		

4.	Trade payables	The holding level of Trade payables has been 34 days for Fiscal 2022 and 37 days for Fiscal 2023 and 62 days in Fiscal 2024. We expect the holding level to reduce to 30 days in Fiscal 2025 and Fiscal 2026.
5.	Other current liabilities	In the past, the holding levels were 1 day in Fiscal 2022 and 11 days in Fiscal 2023 respectively, which further improved to 10 days in Fiscal 2024. We expect the same holding level as Fiscal 2024 for Fiscal 2025 and 2026 to be 10 days.
6.	Short term provisions	In the past, the holding levels were 3 days in Fiscal 2022, 2 days in Fiscal 2023 and 3 days in Fiscal 2024. We expect the holding level for Fiscal 2025 and 2026 to be 3 days.

## 2. *General Corporate Purposes*

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

The general corporate purposes for which our Company proposes to utilise Net Proceeds may include, but are not restricted to, drive our business growth, including, amongst other things, funding growth opportunities, including strategic initiatives and joint ventures, acquiring assets such as plant and machineries, immovable properties, leasehold improvements and intangibles, prepayment or repayment of borrowings availed by our Company, meeting of exigencies which our Company may face in the course of any business, brand building and other marketing expenses and any other purpose as permitted by applicable laws; subject to meeting regulatory requirements and obtaining necessary approvals/consents, as applicable.

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

In addition to the above, our Company may utilise the Net Proceeds towards other purposes considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act. Our Company's management shall have flexibility in utilising surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

### **Issue Related Expenses**

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

(₹ in lakhs)

Particulars	Expenses*	As a % of total expenses*	As a % of Gross Issue size*
Fees of the Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	[●]	[●]	[●]
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
<b>Total estimated Issue expenses*</b>	[●]	[●]	[●]

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

### **Interim Use of Funds**

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

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

### **Appraisal By Appraisal Agency**

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

### **Bridge Financing Facilities**

As on the date of this Draft Letter of Offer, we have not entered into any bridge financing arrangements which is subject to being repaid from the Issue Proceeds.

### **Strategic or Financial Partners**

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

### **Monitoring Of Utilization Of Funds**

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

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

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

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

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

### **Other Confirmations**

No part of the Net Proceeds will be paid by our Company to the Promoter and Promoter group, the Directors, Associates or Key Management Personnel or group companies, except in the normal course of business and in compliance with the applicable law. There are no material existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoter, our Directors, Key Managerial Personnel and our Associate Company. Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

## STATEMENT OF TAX BENEFITS

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

To,

**The Board of Directors**  
**Garment Mantra Lifestyle Limited**  
No. 15, Murthy's Plaza, Karia Gounder Street,  
Khaderpet, Tirupur-641601,  
Tamil Nadu, India

**Re: Proposed rights issue of equity shares of face value Rs. 1 each (the "Equity Shares" and such offering, the "Issue") of Garment Mantra Lifestyle 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 at Annexure I prepared and issued by Garment Mantra Lifestyle 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, 2023 (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 from time to time and the rules and regulations made 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 Draft Letter of Offer and 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, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Income 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 fulfil.

The benefits discussed in the enclosed Statement at Annexure I 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 at Annexure I 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 Issue.

We have conducted our examination in accordance with the '*Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)*' and '*Guidance Note on the Reports in Company Prospectuses (revised 2019)*' (**'the Guidance Notes'**) issued by the Institute of Chartered Accountants of India ('**ICAI**'). The Guidance Notes require 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;
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with; or
- the revenue authorities/courts will concur with the views expressed herein.

The contents of the enclosed Statement at Annexure I 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 Draft Letter of Offer and 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.

For and on behalf of  
**N B T AND CO**  
ICAI Firm Registration No. 140489W

Sd/-  
Ashutosh Biyani  
Membership No: 165017  
UDIN: 24165017BKCYSW3298  
Place: Mumbai  
Date: September 30, 2024

**Encl: As above**

**ANNEXURE I**

There are no special tax benefits available to the Company and its Shareholders.

## SECTION V – ABOUT THE COMPANY

### INDUSTRY OVERVIEW

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

### GLOBAL ECONOMY OVERVIEW

#### The Global Economy in a Sticky Spot

Global growth is projected to be in line with the April 2024 World Economic Outlook (WEO) forecast, at 3.2 percent in 2024 and 3.3 percent in 2025. However, varied momentum in activity at the turn of the year has somewhat narrowed the output divergence across economies as cyclical factors wane and activity becomes better aligned with its potential. Services price inflation is holding up progress on disinflation, which is complicating monetary policy normalization. Upside risks to inflation have thus increased, raising the prospect of higher-for-ever-longer interest rates, in the context of escalating trade tensions and increased policy uncertainty. To manage these risks and preserve growth, the policy mix should be sequenced carefully to achieve price stability and replenish diminished buffers.

Global activity and world trade firmed up at the turn of the year, with trade spurred by strong exports from Asia, particularly in the technology sector. Relative to the April 2024 WEO, first quarter growth surprised on the upside in many countries, although downside surprises in Japan and the United States were notable. In the United States, after a sustained period of strong outperformance, a sharper-than-expected slowdown in growth reflected moderating consumption and a negative contribution from net trade. In Japan, the negative growth surprise stemmed from temporary supply disruptions linked to the shutdown of a major automobile plant in the first quarter. In contrast, shoots of economic recovery materialized in Europe, led by an improvement in services activity. In China, resurgent domestic consumption propelled the positive upside in the first quarter, aided by what looked to be a temporary surge in exports belatedly reconnecting with last year's rise in global demand. These developments have narrowed the output divergences somewhat across economies, as cyclical factors wane and activity becomes better aligned with its potential.

#### Growth Forecast for Emerging Market and Developing Economies

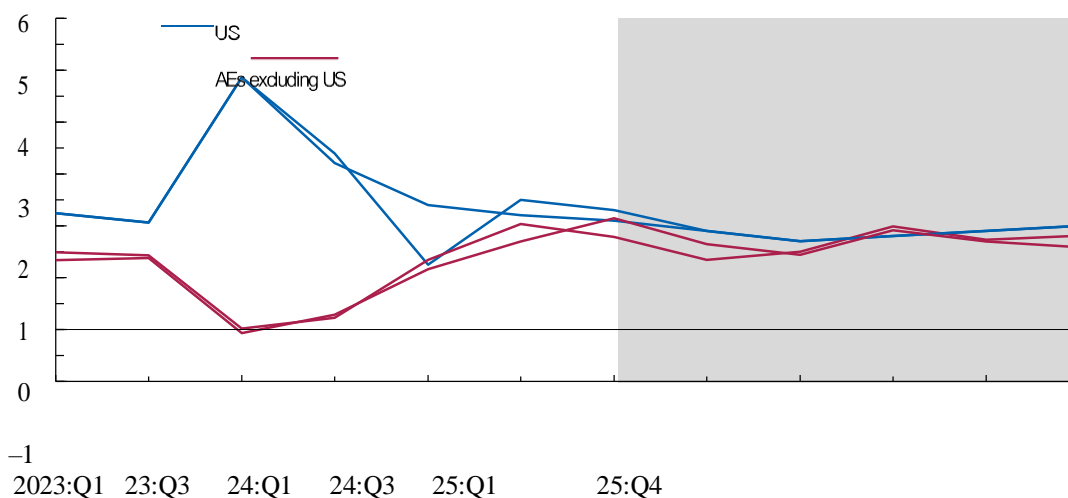
Among *advanced economies*, growth is expected to converge over the coming quarters (Figure 2). In the *United States*, projected growth is revised downward to 2.6 percent in 2024 (0.1 percentage point lower than projected in April), reflecting the slower-than-expected start to the year. Growth is expected to slow to 1.9 percent in 2025 as the labour market cools and consumption moderates, with fiscal policy starting to tighten gradually. By the end of 2025, growth is projected to taper to potential, closing the positive output gap.

In the *euro area*, activity appears to have bottomed out. In line with the April 2024 projection, a modest pickup of 0.9 percent is expected for 2024 (an upward revision of 0.1 percentage point), driven by stronger momentum in services and higher-than-expected net exports in the first half of the year; growth is projected to rise to 1.5 percent in 2025. This is underpinned by stronger consumption on the back of rising real wages, as well as higher investment from easing financing conditions amid gradual monetary policy loosening this year. Continued weaknesses in manufacturing suggest a more sluggish recovery in countries such as *Germany*.

In *Japan*, the strong *shunto* wage settlement is expected to support a turnaround in private consumption starting in the second half. But the expectation for 2024 growth is revised downward by 0.2 percentage point, with the downward adjustment largely reflecting temporary supply disruptions and weak private investment in the first quarter.



**Figure 2. Growth Revisions since April**  
(Percent; solid = July 2024 WEO Update, dashed = April 2024 WEO)



Source: IMF staff calculations.

Note: Shaded areas denote projections. Data for 2024:Q2 are estimates. AEs = advanced economies; WEO = *World Economic Outlook*

The forecast for growth in *emerging market and developing economies* is revised upward; the projected increase is powered by stronger activity in Asia, particularly China and India. For *China*, the growth forecast is revised upward to 5 percent in 2024, primarily on account of a rebound in private consumption and strong exports in the first quarter. In 2025, GDP is projected to slow to 4.5 percent, and to continue to decelerate over the medium term to 3.3 percent by 2029, because of headwinds from aging and slowing productivity growth. The forecast for growth in *India* has also been revised upward, to 7.0 percent, this year, with the change reflecting carryover from upward revisions to growth in 2023 and improved prospects for private consumption, particularly in rural areas.

With regard to *Latin America and the Caribbean*, growth has been revised downward for 2024 in *Brazil*, reflecting the near-term impact of flooding, and in *Mexico*, due to moderation in demand. However, growth has been revised upwards in 2025 for Brazil to reflect reconstruction following the floods and supportive structural factors (for example, acceleration in hydrocarbon production). For the *Middle East and Central Asia*, oil production and regional conflicts continue to weigh on prospects. The growth forecast for 2024 in *Saudi Arabia* has been revised downward by 0.9 percentage point; the adjustment reflects mainly the extension of oil production cuts. Projected growth in *Sudan* is revised markedly downward, as persisting conflict takes a larger toll on the economy. The forecast for growth in *sub-Saharan Africa* is revised downward, mainly as a result of a 0.2 percentage point downward revision to the growth outlook in *Nigeria* amid weaker than expected activity in the first quarter of this year.

*Trade makes a recovery.* World trade growth is expected to recover to about 3¼ percent annually in 2024–25 (from quasi stagnation in 2023) and align with global GDP growth again. The uptick in the first quarter of this year is expected to moderate as manufacturing remains subdued. Although cross border trade restrictions have surged, harming trade between geopolitically distant blocs, the global trade-to-GDP ratio is expected to remain stable in the projection.

*Global inflation will continue to decline.* In advanced economies, the revised forecast is for the pace of disinflation to slow in 2024 and 2025. That is because inflation in prices for services is now expected to be more persistent and commodity prices higher. However, the gradual cooling of labour markets, together with an expected decline in energy prices, should bring headline inflation back to target by the end of 2025. Inflation is expected to remain higher in emerging market and developing economies (and to drop more slowly) than in advanced economies. However, partly thanks to falling energy prices, inflation is already close to prepandemic levels for the median emerging market and developing economy.

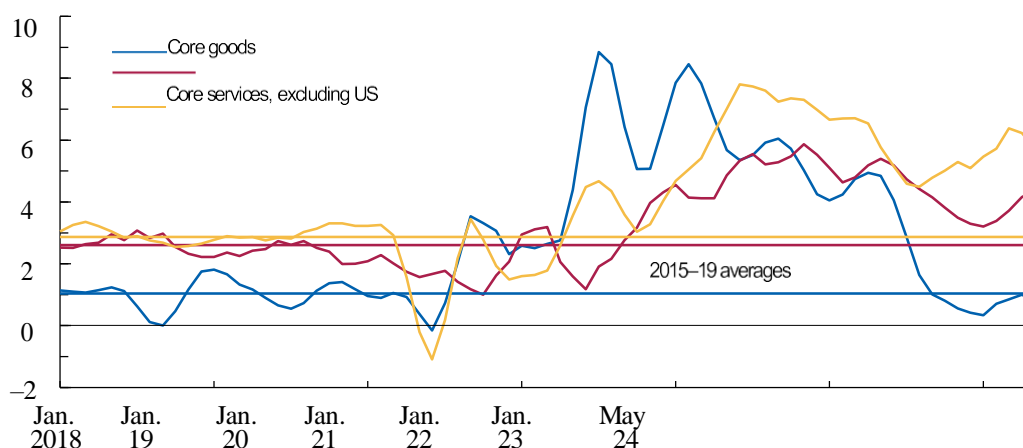
### **Inflation Outlook:**

the momentum on *global disinflation* is slowing, signaling bumps along the path. This reflects different sectoral dynamics: the persistence of higher-than-average inflation in services prices, tempered to some extent by stronger disinflation in the prices of goods (Figure 1). Nominal wage growth remains brisk, above price inflation in some countries, partly reflecting the outcome of wage negotiations earlier this year and short-term inflation expectations

that remain above target. The uptick in sequential inflation in the United States during the first quarter has delayed policy normalization. This has put other advanced economies, such as the euro area and Canada, where underlying inflation is cooling more in line with expectations, ahead of the United States in the easing cycle. At the same time, a number of central banks in emerging market economies remain cautious in regard to cutting rates owing to external risks triggered by changes in interest rate differentials and associated depreciation of those economies' currencies against the dollar.

*Global financial conditions remain accommodative.* Although longer-term yields have generally drifted upward, in tandem with the repricing of policy paths, buoyant corporate valuations have kept financial conditions accommodative, broadly at the level of the April WEO (see Box 1). The increase in yields is likely to put pressure on fiscal discipline, however, which in some countries is already strained by the inability to rein in spending or raise taxes.

**Figure 1. Sequential Core Inflation**  
 (Percent; three-month-over-three-month, annualized)



Sources: Haver Analytics; and IMF staff calculations.

Note: The two aggregates are the purchasing-power-parity-weighted averages. Sample includes 11 advanced economies and 9 emerging market and developing economies that account for approximately 55 percent of 2021 world output at purchasing-power-parity weights.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2024/07/16/world-economic-outlook-update-july-2024>)

## APPAREL INDUSTRY IN GLOBAL MARKET

The apparel market size has grown strongly in recent years. It will grow from \$655.7 billion in 2023 to \$703.11 billion in 2024 at a compound annual growth rate (CAGR) of 7.2%. The growth observed in the historic period in the apparel industry can be attributed to several key factors. These include strong economic growth in emerging markets, an increase in foreign direct investments, growing demand for man-made fibres and advancements in technology. These factors collectively contributed to the expansion and development of the apparel sector during the historical period.

The apparel market size is expected to see strong growth in the next few years. It will grow to \$918.71 billion in 2028 at a compound annual growth rate (CAGR) of 6.9%. The anticipated growth in the forecast period in the apparel industry can be attributed to various factors. These include the increasing penetration of social media, a rise in motorcycle sales, the growth of e-commerce, and a growing demand for sportswear and performance wear. Key trends in the forecast period include the use of blockchain technology for a reliable supply chain and intellectual property protection, the integration of artificial intelligence to predict trends in patterns, colours, and styles, a focus on recycling and upcycling to reduce wastage, leveraging the Internet of Things (IoT) for innovative products, and the integration of virtual reality (VR) and augmented reality (AR) technology for a more interactive shopping experience. Parel market is experiencing significant growth due to the increasing demand for online shopping. Manufacturers now have the opportunity to showcase and sell their products on a much broader scale through online platforms, expanding their customer base across different geographical locations. This expansion is particularly evident in countries such as India, where e-commerce portals have notably amplified sales of traditional garments. These platforms have enabled producers, previously limited to specific localities where the weaving community was concentrated, to reach a global audience.

The surge in e-commerce is anticipated to be a driving force behind the continued growth of the apparel market. E-commerce, the electronic trading of goods and services online, has transformed consumer shopping patterns, especially in the realm of clothing and fashion items. This shift in consumer behaviour toward online platforms has resulted in a substantial increase in apparel purchases made online. For instance, as per a report from the International Trade Administration in 2021, a significant 82% of UK citizens engaged in at least one online purchase. Notably, the UK leads in online purchase prevalence compared to other countries, with consumer e-commerce' accounting for 30% of the country's retail industry - exceeding \$120 billion in annual revenue. Consequently, the burgeoning trend of e-commerce continues to be a key driver propelling the growth of the apparel manufacturing market.

Apparel manufacturing companies are strategically investing in computer-controlled embroidery systems, aiming to bolster efficiency and minimize operational expenses. These cutting-edge sewing-embroidery machines are integrated with computer-controlled mechanisms, specifically designed to streamline the embroidery process. Operating on pre-programmed digital patterns, these machines can automatically create intricate designs on fabric. Ranging from single needle systems requiring manual thread changing to multi-needle sewing-embroidery machines with multiple heads for automatic colour changes, these systems offer diverse capabilities. They can produce an array of fabric effects, including chain stitch embroidery, sequins, appliqué, and cutwork, all guided by digital input. Furthermore, these machines facilitate functions such as design editing, digitized file creation, and real-time monitoring of the entire embroidery process. Notable companies at the forefront of providing such computerized embroidery solutions include Richpeace, ZojeDayu, Happy, Unix, and Damei.

Western Europe was the largest region in the apparel market in 2023. Asia-Pacific was the second largest region in the apparel market. The regions covered in the apparel market report are Asia-Pacific, Western Europe, Eastern Europe, North America, South America, Middle East, Africa.

The primary categories of apparel are women's wear, men's wear, and kids' wear. Women's wear pertains to clothing designed for women, and it includes various types of fibres such as man-made fibres, cotton fibres, animal-based fibres, and vegetable-based fibres. Apparel is made available to consumers through different distribution channels, including retail stores and online platforms.

(Source: <https://www.researchandmarkets.com/report/clothing>)

## **INDIAN ECONOMY OVERVIEW**

### **About Indian Economy Growth Rate and Statistics**

Strong economic growth in the first quarter of FY23 helped India overcome the UK to become the fifth-largest economy after it recovered from the COVID-19 pandemic shock. Nominal GDP or GDP at Current Prices in the year 2023-24 is estimated at Rs. 295.36 lakh crores (US\$ 3.54 trillion), against the First Revised Estimates (FRE) of GDP for the year 2022-23 of Rs. 269.50 lakh crores (US\$ 3.23 trillion). The growth in nominal GDP during 2023-24 is estimated at 9.6% as compared to 14.2% in 2022-23. Strong domestic demand for consumption and investment, along with Government's continued emphasis on capital expenditure are seen as among the key driver of the GDP in the second half of FY24. During the period April-June 2025, India's exports stood at US\$ 109.11 billion, with Engineering Goods (25.35%), Petroleum Products (18.33%) and electronic goods (7.73%) being the top three exported commodity. Rising employment and increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

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

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

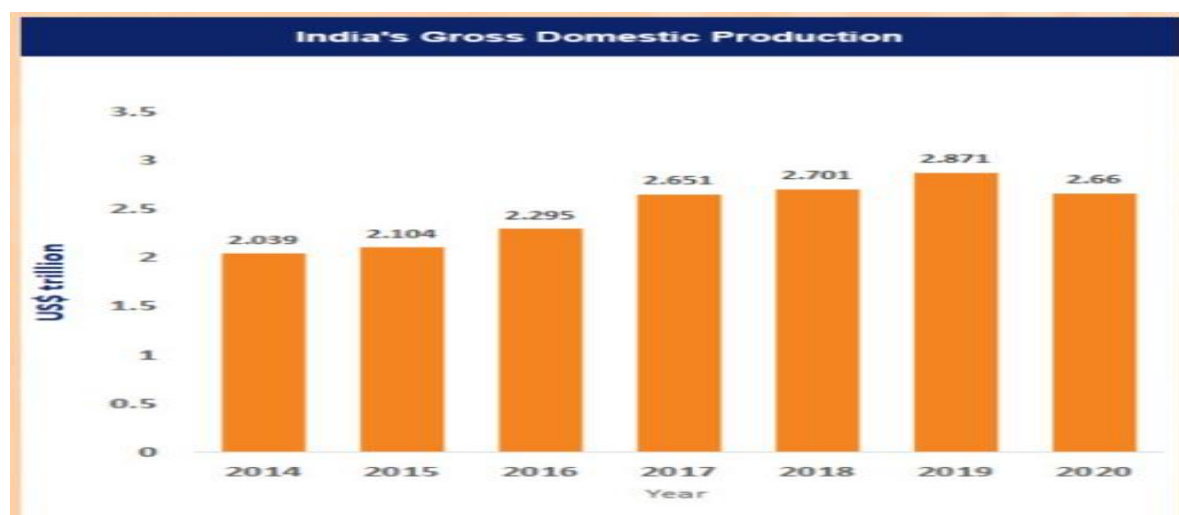
India's appeal as a destination for investments has grown stronger and more sustainable as a result of the current period of global unpredictability and volatility, and the record amounts of money raised by India-focused funds in 2022 are evidence of investor faith in the "Invest in India" narrative.

### **Market Size**

Real GDP or GDP at Constant (2011-12) Prices in the year 2023-24 is estimated at Rs. 173.82 lakh crores (US\$ 2.08 trillion), against the First Revised Estimates (FRE) of GDP for the year 2022-23 of Rs. 160.71 lakh crores (US\$ 1.92 trillion). The growth in real GDP during 2023-24 is estimated at 8.2% as compared to 7.0% in 2022-23. There are 113 unicorn startups in India, with a combined valuation of over US\$ 350 billion. As many as 14 tech startups are expected to list in 2024 Fintech sector poised to generate the largest number of future unicorns in India. With India presently has the third-largest unicorn base in the world. The government is also focusing on renewable sources by achieving 40% of its energy from non-fossil sources by 2030. India is committed to achieving the country's ambition of Net Zero Emissions by 2070 through a five-pronged strategy, 'Pancharmit'. Moreover, India ranked 3rd in the renewable energy country attractive index.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 to 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between same time periods. India's current account deficit (CAD) narrowed to 0.7% of GDP in FY24. The CAD stood at US\$ 23.2 billion for the 2023-24 compared to US\$ 67.0 billion or 2.0% of GDP in the preceding year. This was largely due to decrease in merchandise trade deficit.

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



### **Road Ahead**

In the second quarter of FY 24, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2023. India's comparatively strong position in the external sector reflects the country's generally positive outlook for economic growth and rising employment rates. India ranked fifth in foreign direct investment inflows among the developed and developing nations listed for the first quarter of 2022.

India's economic story during the first half of the current financial year highlighted the unwavering support the government gave to its capital expenditure, which, in 2023-24, stood 37.4% higher than the same period last year. In the budget of 2023-24, capital expenditure took lead by steeply increasing the capital expenditure outlay by 37.4 % in BE 2023-24 to Rs.10 lakh crore (US\$ 120.12 billion) over Rs. 7.28 lakh crore (US\$ 87.45 billion) in RE 2022-23. The ratio of revenue expenditure to capital outlay increased by 1.2% in the current year, signalling a clear change in favour of higher-quality spending. Stronger revenue generation because of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels. In February 2024, the Finance Ministry announced the total expenditure in Interim 2024-25 estimated at Rs. 47,65,768 crore (US\$ 571.64 billion) of which total capital expenditure is Rs. 11,11,111 crore (US\$ 133.27 billion).

Since India's resilient growth despite the global pandemic, India's exports climbed at the second-highest rate with a year-over-year (YoY) growth of 8.39% in merchandise exports and a 29.82% growth in service exports till April 2023. With a reduction in port congestion, supply networks are being restored. The CPI-C inflation reduction from June 2022 already reflects the impact. In September 2023 (Provisional), CPI-C inflation was 5.02%, down from 7.01% in June 2022. With a proactive set of administrative actions by the government, flexible monetary policy, and a softening of global commodity prices and supply-chain bottlenecks, inflationary pressures in India look to be on the decline overall.

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

## **INDIAN APPAREL AND GARMENT INDUSTRY**

### **Introduction**

India is among the top garment-manufacturing countries in the world. Indian textiles and apparel products have a history of fine craftsmanship across the entire value chain from fibre, yarn, and fabric to apparel with high global appeal. India's cotton, silk, and denim are highly popular in other countries, and Indian apparel too has found success across fashion centres around the world. India is one of the largest consumers and producers of cotton with the highest acreage of 12.5 million hectares which is 38% of the global area under cotton cultivation. The Indian textile and apparel industry is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool, and silk products to the organized textile industry in India.

India's textile and apparel market size is growing at a CAGR of 14.59% from US\$ 172.3 billion in 2022 and is expected to reach US\$ 387.3 billion by 2028. Industry is one of the biggest contributors to the economy with a 2.3% contribution to the gross domestic product (GDP) which is approx. US\$ 70 billion. It is also the second largest employer after agriculture, providing direct employment to 45 million people and 100 million people in the allied sector. Andhra Pradesh, Telangana, Haryana, Jharkhand, and Gujarat are the top textile and clothing manufacturing states in India.

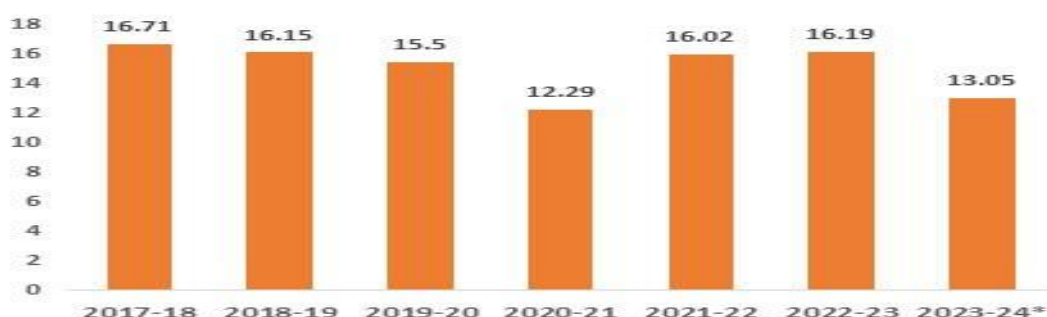
### **Export Trend**

India is the sixth largest exporter of textiles and apparel products in the world with a massive raw material and manufacturing base. During 2022-23, the share of textile and apparel in India's total exports was 8.0% while India's share of the global trade in textiles and apparel stood at 5%. Despite unprecedented logistics issues, India registered the highest-ever exports at US\$ 35.58 billion in textiles and apparel (T&A) including handicrafts in FY23. Textile products worth a total of US\$ 1.81 billion were exported in February 2024 as compared to US\$ 1.52 billion in February 2023. Apparel exports were US\$ 1.41 billion in February 2023 and US\$ 1.48 billion in February 2024. In FY23 exports of ready-made garments (RMG) stood at US\$ 16.19 billion showing a growth of 1.1% over 2021-22.

Based on product category, exports during 2022-23 witnessed a decline of -28.45% in cotton textiles followed by a decline of -11.86% in man-made textiles, 1.10% growth in ready-made garments (RMG) and -19.13% decline in handicrafts. Exports of Cotton Fabrics and Madeups stood at US\$ 10.58 billion during April 2023-February 2024.

The Narendra Modi government is targeting US\$ 250 billion in textiles production and exports of US\$ 100 billion by 2030. This roadmap for achieving this production and export target was discussed by Mr. Piyush Goyal, Union Minister for Textiles, Consumer Affairs, Food and Public Distribution and Commerce and Industry, at the Chintan Shivir organized by the Ministry of Textiles.

### India's ready-made garment export (US\$ billion)



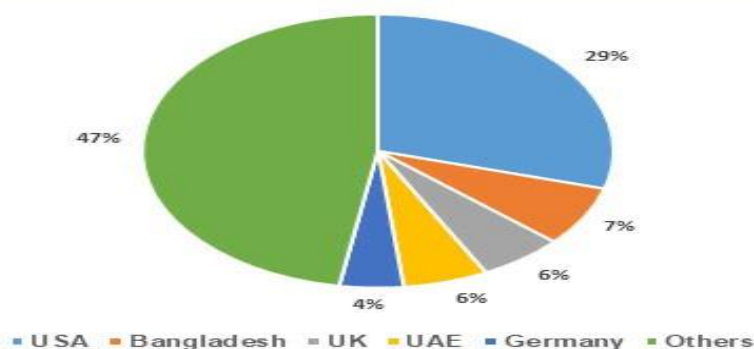
Source: Textile Export Promotion Council, Apparel Export Promotion Council  
 Note: \*Until February 2024

### Top Export Destinations

India's textile and apparel products, including handlooms and handicrafts, are exported to more than 100 countries across the globe. India's key export destinations for textiles and apparel products include countries namely the USA, Bangladesh, UK, UAE, Germany, and among others. The USA is the largest importer among all, importing about one-fourth of the total exports from India.

During 2022-23, the USA was the top export destination for the textile and apparel industry, accounting for a 29% share of overall exports which has grown from a 24% share witnessed in 2019-20. India and UAE signed a Free Trade Agreement (FTA) that went into effect on May 1, 2022, and the country was also in the process of negotiating FTAs with the EU, Australia, UK, Canada, Israel, and other countries/regions which is likely to boost exports of Indian textile and apparels in future by providing a competitive edge over other exporting countries. Furthermore, India's consolidated foreign direct investment (FDI) policy circular 2020 provides 100% FDI in single-brand product retail trading and up to 51% FDI in multi-brand retail trading, subject to certain conditions. This continues to attract leading international retailers to source their garment and home textiles requirements from India and drives interest from new export destinations.

### Country-wise export share (2022-23)



Source: Ministry of Commerce and Industry

### Government Initiatives

As the textile industry is crucial for India's growth, the government of India has implemented several schemes for the growth of production and ease of trade. The Amended Technology Upgradation Fund Scheme (ATUFS) and the Advance Authorization (AA) schemes are focused on strengthening and increasing the production of textile and apparel products in the country.

Over the last few years, the Government of India has launched various other initiatives to promote the textile and apparel industry such as production linked incentive (PLI) scheme for technical textiles, setting up of seven PM Mega Integrated Textile Region and Apparel (PM MITRA) parks in greenfield/brownfield sites and implementing Textile Cluster Development Scheme (TCDS) from 2021-22 to 2025-26. The government has also approved the continuation of the Scheme for Rebate of State and Central Taxes and Levies on the Export of Garments and Made-ups (RoSCTL scheme) up to March 2024 to boost the export competitiveness of Indian apparel and made-

ups. The Government will continue the RoSCTL scheme until it gets merged with the Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme. For this purpose, the Government made an ad-hoc allocation of funds of Rs. 73.98 billion (US\$ 900 million) in 2020-21 for the issuance of duty credit scrips under the RoSCTL Scheme. Further, the government has removed the anti-dumping duty (ADD) on purified terephthalic acid (PTA), viscose staple fibre (VSF), and acrylic to promote exports in the man-made fibre (MMF) sector. National Technical Textiles Mission (NTTM) was launched from financial year 2020-21 and valid until March 31, 2026, with an outlay of US\$ 178.74 million (Rs. 1,480 crore), with a view of positioning the country as a global leader in Technical Textiles. The Mission has four components – component 1 which includes research, innovation and development, component 2 which includes promotion and market development, component 3 which includes export promotion, and component 4 which includes education, training and skill development. So far, 137 research projects have been approved under the component 1 of NTTM. The total cost approved of the said projects by the Government is US\$ 33 million (Rs. 474.7 crore (approx.)).

(Source: <https://www.ibef.org/exports/apparel-industry-india> )

## **TEXTILE INDUSTRY IN INDIA**

### **Introduction**

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, with the capital-intensive sophisticated mills sector at the other end. The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool, to synthetic/man-made fibres like polyester, viscose, nylon and acrylic.

The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce a wide variety of products suitable for different market segments, both within India and across the world.

In order to attract private equity 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) Park scheme.

### **Market Size**

The market for Indian textiles and apparel is projected to grow at a 10% CAGR to reach US\$ 350 billion by 2030. Moreover, India is the world's 3rd largest exporter of Textiles and Apparel. India ranks among the top five global exporters in several textile categories, with exports expected to reach US\$100 billion.

The textiles and apparel industry contributes 2.3% to the country's GDP, 13% to industrial production and 12% to exports. The textile industry in India is predicted to double its contribution to the GDP, rising from 2.3% to approximately 5% by the end of this decade.

Textile manufacturing in India has been steadily recovering amid the pandemic. The Manufacturing of Textiles Index for the month of April 2024 is 105.9.

Global apparel market is expected to grow at a CAGR of around 8% to reach US\$ 2.37 trillion by 2030 and the Global Textile & Apparel trade is expected to grow at a CAGR of 4% to reach US\$ 1.2 trillion by 2030.

The Indian Technical Textile market has a huge potential of a 10% growth rate, increased penetration level of 9-10% and is the 5<sup>th</sup> largest technical textiles market in the world. India's sportech industry is estimated around US\$ 1.17 billion in 2022-23.

The Indian Medical Textiles market for drapes and gowns is around US\$ 9.71 billion in 2022 and is expected to grow at 15% to reach US\$ 22.45 billion by 2027.

The Indian composites market is expected to reach an estimated value of US\$ 1.9 billion by 2026 with a CAGR of 16.3% from 2021 to 2026 and the Indian consumption of composite materials will touch 7,68,200 tonnes in 2027.

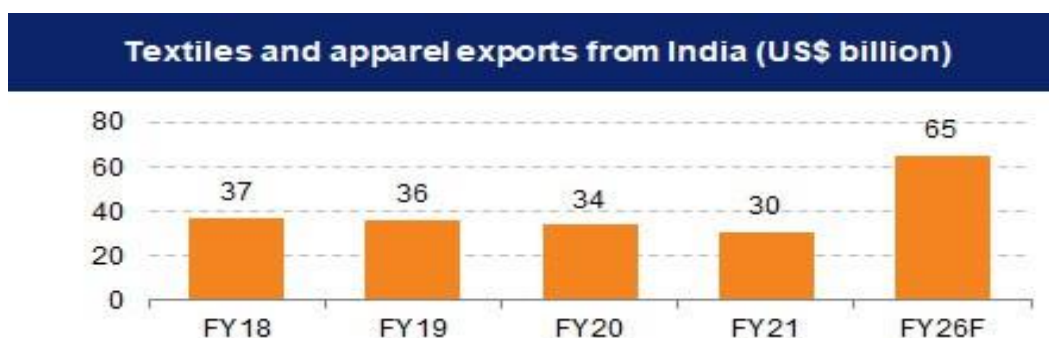
India is the world's largest producer of cotton. In the first advances, the agriculture ministry projected cotton output for 2023-24 at 31.6 million bales. According to the Cotton Association of India (CAI), the total availability of cotton in the 2023-24 season has been pegged at 34.6 million bales, against 31.1 million bales of domestic demand, including 28 million bales for mills, 1.5 million for small-scale industries, and 1.6 million bales for non-mills. 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. It is expected to surpass US\$ 30 billion by 2027, with an estimated 4.6-4.9% share globally.

In 2022-23, the production of fibre in India stood at 2.15 million tonnes. While for yarn, the production stood at 5,185 million kgs during the same period. Natural fibres are regarded as the backbone of the Indian textile industry, which is expected to grow from US\$ 138 billion to US\$ 195 billion by 2025.

During FY24, the total exports of textiles (including handicrafts) stood at US\$ 35.9 billion. 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\$ 35.90 billion in FY24. In FY24, exports of readymade garments including accessories stood at US\$ 14.23 billion. India's textile and apparel exports to the US, its single largest market, stood at 32.7% of the total export value in FY24.

Exports for 247 technical textile items stood at Rs. 5,946 crore (US\$ 715.48 million) between April-June (2023-24).

India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.



### Investment and Key Development

Total FDI inflows in the textiles sector stood at US\$ 4.47 billion between April 2000- March 2024. The textile sector has witnessed a spurt in investment during the last five years.

- DS Group's luxury menswear division, Brioni inaugurates its first boutique in India in November 2023.
- In November 2023, Reli'nce Fou'dation launched the first 'Swadesh' handicrafts store in Hyderabad, aimed at supporting and promoting Indian craftwork.
- Industry bodies to host the largest global mega textiles event, Bharat Tex 2024 from February 26-29, 2024, in New Delhi. According to Union Minister, Mr. Piyush Goyal, Bharat Te' 2024 Expo is a testament to India's commitment to becoming a global textile powerhouse.
- In September 2023, the Khadi and Village Industries Commission signed 3 MoUs to promote Khadi Products.
- In September 2023, Grasim Industries plans to open nearly 120 retail stores over the upcoming 2 years, by expanding its footprint in smaller cities and towns.



- In September 2023, Reliance Retail Ventures Ltd. (RRVL) announced the acquisition of Ed-a-Mamma for a 51% stake.
- In September 2023, Shadowfax inaugurated a 1.5 lakh sq. ft. fulfilment centre in Surat with 10 lakh orders per day processing capacity.
- In August 2023, the Ministry of Textiles approved 26 engineering institutions for the introduction of Technical Textiles under the National Technical Textiles Mission.
- In July 2023, PM MITRA Park, Amravati expected to attract investment of Rs. 10,000 crore (US\$ 1.20 billion) and create employment for 300,000 individuals.
- In May 2023, an investment of around Rs. 6,850 crore (US\$ 824.25 million) is expected in the PM MITRA Park in Madhya Pradesh and Rs. 8,675 crore (US\$1.04 billion) in other parts of the state.
- In May 2023, Aditya Birla Fashion and Retail Ltd. announced the acquisition of TCNS Clothing with a deal size of US\$ 198.54 million.
- India is expected to host the 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) from 2nd to 5th December 2023 in Mumbai with the theme “Cotton Value Chain- Local Innovations for Global Prosperity”.
- Cott-Ally mobile app has been developed for farmers to increase awareness about MSP rates, nearest procurement centers, payment tracking, best farm practices etc.
- In April 2023, Godrej Consumer Products Ltd (GCPL) announced the Rs. 2,825 crore (US\$ 339.93 million) acquisition of Raymond Consumer Care Ltd (RCCL).
- In April 2022, Indo Count Industries bagged the home textile business of GHCL for US\$ 74.14 million.
- In March 2022, Reliance Retail Ventures Limited (RRVL) acquired a controlling share of Purple Panda Fashions for US\$ 115.8 million
- Sutlej Textiles plans to set up a green field project for 89,184 spindles comprising cotton mélange yarn and PC grey yarn along with a dye house in Jammu & Kashmir with an estimated cost of US\$ 111.41 million (Rs. 914 crore).
- Vardhman has established Vardhman ReNova, a cotton recycling facility with a six TPD production capacity. By establishing two new facilities in Madhya Pradesh, the company has also increased its capacity to produce yarn. With top-notch technology, the expansion includes over 100,000 spindles in total. This will result in a 75 TPD increase in yarn production capacity.
- The textile ministry has selected 61 companies, including Arvind Limited to enjoy benefits under its US\$ 1.3 billion (Rs. 10,683 crore) production-linked incentive (PLI) scheme for the labour-intensive textiles and garment sector. The companies have pledged to invest US\$ 2.32 billion (Rs 19,077) crore over five years under the scheme, which will lead to an incremental turnover of US\$ 22.55 billion (Rs 1.85 trillion) and direct employment generation for 240,000 people.
- Arvind Limited, the largest textile-to-technology conglomerate in India, and PurFi Global LLC, a sustainable technology firm that specializes in rejuvenating textile waste into virgin-grade products, have formed a joint venture to reduce the quantity of textile waste dumped in landfills.
- In November 2022, local weavers in Tuensang in Nagaland were provided 45 days of skill-upgrading training, which would equal 315 hours under the SAMARTH programme.
- In 2022-23, the Sardar Vallabhbhai Patel International School of Textiles and Management (SVPISTM) is planning to offer B.Sc. and MBA courses in technical textiles.

- In November 2021, Federico Salas, the Mexican Ambassador to India, visited the Khadi India Pavilion at the India International Trade Fair 2021 and suggested that India and Mexico should come together to promote Khadi globally.
- Companies in home textiles are using technology to optimize the value chain. For example, in October 2021, Welspun India introduced Wel-Trak 2.0—an upgraded, patented end-to-end traceability technology—to track textile raw materials throughout the supply chain.
- Home textile companies in India are also leveraging strategic partnerships to strengthen their business operations and foothold in the country.
- In October 2021, Welspun India collaborated with DuPont Biomaterials to introduce a home textile range and strengthen the company's sustainable textiles business.
- In May 2021, Indo Count Industries Ltd. (ICIL) announced an investment of Rs. 200 crore (US\$ 26.9 million) to expand its production capacity.
- In April 2021, RSWM Limited, the flagship company of the US\$ 1.2 billion LNJ Bhilwara Group, was recognized for achieving the highest textile export turnover in 2020 by the Ministry of Industries & CSR, Government of Rajasthan.
- In April 2021, Bella Casa Fashion & Retail Ltd. (BCFRL) announced that it is expanding its two existing plants and adding one new facility to offer employment opportunities to 1,000 people. The expansion would involve a total investment of Rs. 65 crore (US\$ 8.63 million).

### **Government Initiatives**

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

Other initiatives taken by the Government of India are:

- Secretary of the Ministry of Textiles, Ms' Rachna Shah, announced that India's technical textiles market has great potential, with a notable growth rate of 10% and ranking as the 5th largest in the world.
- A tripartite Memorandum of Understanding (MoU) was signed by the Textiles Committee under the Ministry of Textiles, the Government e Marketplace (GeM) under the Ministry of Commerce and Industry, and the Standing Conference of Public Enterprises (SCOPE) to promote upcycled products made from textile waste and scrap.
- Piyush Goyal also discussed the roadmap to achieve the target of US\$ 250 billion in textiles production and US\$ 100 billion in exports by 2030.
- In July 2023, 43 new implementing partners were empanelled under the SAMARTH scheme and an additional target of training around 75,000 beneficiaries has been allocated.
- 1,83,844 beneficiaries trained across 1,880 centres under Samarth.
- In June 2023, the Government approved R&D projects worth US\$ 7.4 million (Rs. 61.09 crore) in the textile sector.
- In February 2023, the union government approved 1,000 acres for setting up a textile park in Lucknow.
- In February 2023, according to the Union Budget 2023-24, the total allocation for the textile sector was Rs. 4,389.24 crore (US\$ 536.4 million). Out of this, Rs. 900 crore (US\$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS), Rs. 450 crore (US\$ 54.99 million) for National Technical Textiles Mission, and Rs. 60 crore (US\$ 7.33 million) for Integrated Processing Development Scheme.
- In December 2022, a total of 44 R&D projects were started, and 23 of them were successfully completed. 9777 people were trained in a variety of activities relating to the silk industry.

- In December 2022, a total of US\$ 75.74 million (Rs. 621.41 crore) in subsidies was distributed in 3,159 cases under the Amended Technology Upgradation Fund Scheme, with special campaigns held in significant clusters to settle backlog cases.
- In December 2022, a total of 73,919 people (SC: 18,194, ST: 8,877, and Women: 64,352) have received training, out of which 38,823 have received placement under SAMARTH.
- The establishment of 7 (seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total investment of US\$ 541.82 million (Rs. 4,445 crore) for the years up to 2027–28 was approved by the government.
- In the academic year 2022–23, the opening of a new campus of the National Institute of Fashion Technology (NIFT) in Daman. Moreover, new campus buildings are being constructed in Bhopal and Srinagar.
- Under the National Technical Textile Mission (NTTM), 74 research projects for speciality fibre and technical textiles valued at US\$ 28.27 million (Rs. 232 crore) were approved. 31 new HSN codes have been developed in this space.
- In November 2022, Tamil Nadu Chief Minister Mr. M. K. Stali“ announced t”e establishment of a "Textile Cit” in Chennai as part of Tamil Nadu's strategy to become a major participant in the global textile industry. Additionally, the state will build a 1,500-acre textile park in the Virudhunagar district, for which SIPCOT will buy land.
- In June 2022, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated that the Indian government wants to establish 75 textile hubs, similar to Tiruppur, which will greatly increase employment opportunities while promoting the export of textile products and ensuring the use of sustainable technology.
- In June 2022, Amazon India signed a MoU with the Manipur Handloom & Handicrafts Development Corporation Limited (MHHDC), a Government of Manipur entity, to encourage the development of weavers and artisans throughout the state.
- In June 2022, the Kerala government announced that it would provide free training to 1,975 candidates under the SAMARTH scheme of the textile industry.
- The Sustainable Textiles for Sustainable Development (SusTex) project by the United Nations Climate Change entity enhances the employment and working circumstances of textile artisans while promoting the sustainable production and use of environmentally friendly textiles.
- In May 2022, Minister of Micro, Small and Medium Enterprises, Mr. Narayan Rane, inaugurated the Center of Excellence for Khadi (CoEK) at NIFT, Delhi. In order to produce innovative fabrics and apparel that will meet the needs of both domestic and foreign consumers, the CoEK will seek to introduce the newest designs and adopt procedures that adhere to international standards.
- In April 2022, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Mr. Piyush Goyal, said that new Economic Cooperation and Trade Agreements with Australia and the UAE would open infinite opportunities for textiles and handloom. Indian textile exports to Australia and the UAE would now face zero duties, and he expressed confidence that soon Europe, Canada, the UK and GCC countries would also welcome Indian textile exports at zero duty.
- In March 2022, the Tamil Nadu government included a Sustainable Cotton Cultivation Mission in its agriculture budget by allocating US\$ 1.86 million (Rs 15.32 crore) to enhance the yield of organic cotton.
- In March 2022, the Ministry of Textiles, in collaboration with the Confederation of Indian Industries (CII), organized a day-long International Conference on Technical Textiles with the theme: Creating the Winning Leap in Technical Textiles.

- The Khadi and Village Industries Commission (KVIC) achieved turnover of Rs. 1.15 lakh crore (US\$ 14.68 billion) in FY22, a growth of 20.54% YoY, and more than any Indian FMCG company managed in FY22.
- The Government of India has earmarked a corpus of Rs. 1,000 crore (US\$ 127.72 million) dedicated for research and development of the technical textiles sector.
- In March 2022, the Bihar government submitted a proposal to the Ministry of Textiles to set up a mega hub under the PM Mitra Mega Textile Park.
- In March 2022, Tamil Nadu Chief Minister Mr. MK Stalin announced that the State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) will set up a mega textile park in the Virudhunagar district.
- For export of handloom products globally, the Handloom Export Promotion Council (HEPC) is participating in various international fairs/events with handloom exporters/weavers to sell their handloom products in the international markets under NHDP.
- The Ministry of Textiles has also been implementing the Handloom Marketing Assistance (HMA), a component of National Handloom Development Programme (NHDP) all across India. HMA provides a marketing platform to the handloom weavers/agencies to sell their products directly to the consumers and develop and promote the marketing channel through organizing expos/events in domestic as well as export markets.
- In November 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated the desire to target a 3-5x time increase in the export of technical textiles worth US\$ 10 billion over the next three years.
- The Indian government has notified uniform goods and services tax rate at 12% on man-made fabrics (MMF), MMF yarns, MMF fabrics and apparel, which came into effect from January 1, 2022.
- Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, announced a mega handloom cluster in Manipur and a handloom and handicraft village at Moirang in Bishnupur. The mega cluster will be set up at an estimated cost of Rs. 30 crore (US\$ 4.03 million) under the National Handloom Development Programme (NHDP).

### **Road Ahead**

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

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

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

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

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

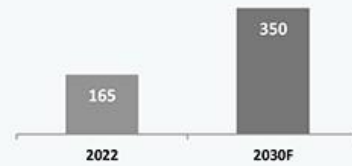


May 2024

# TEXTILES AND APPAREL

**MARKET SIZE**

Textiles and Apparel Industry (US\$ billion)

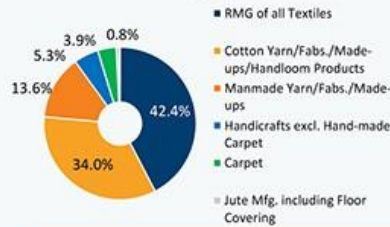


Key Facts as of FY23



**SECTOR COMPOSITION**

Share of India's textile exports FY24



Fabric Production in FY24\*(million square meter)



Note: \* Until April-June 2023-24

**KEY TRENDS**

Textiles Trade (US\$ billion)



Note: Imports include textile yarn fabric and made-up articles; Exports include RMG of all textiles, cotton yarn/fabs./made-ups/handloom products, man-made yarn/fabs./made-ups, handicrafts excl. handmade carpets, carpets, jute mfg. including floor coverings

**GOVERNMENT INITIATIVES**



National Textile Policy



Khadi App Store



Pradhan Mantri Fasal Bima Yojana

Note: SAATHI - Sustainable and Accelerated Adoption of efficient Textile technologies to Help small Industries

**ADVANTAGE INDIA**

- 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. The market for Indian textiles and apparel is projected to grow at a 10% CAGR to reach US\$ 350 billion by 2030, with exports expected to reach US\$100 billion. In FY24, exports of readymade garments including accessories stood at US\$ 14.23 billion.
- Competitive advantage:** Abundant availability of raw materials such as 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.
- Policy support:** 100% FDI (automatic route) is allowed in the Indian textile sector. In October 2021, the government approved a scheme worth Rs. 4,445 crore (US\$ 594.26 million) to establish seven integrated mega textile parks and boost textile manufacturing in the country.
- Increasing Investments:** In June 2023, Government approved R&D projects worth US\$ 7.4 million (Rs. 61.09 crore) in textile sector. Total FDI inflows in the textiles sector stood at US\$ 4.47 billion between April 2000- March 2024.

## OUR BUSINESS

*The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Letter of Offer, including the information contained in “Risk Factors”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Financial Information” on page 22, 111 and 110, respectively. The financial figures used in this section, unless otherwise stated, have been derived from our Company’s restated audited financial statements. Further, all references to ‘Junction Fabrics and Apparels Limited’, ‘the Company’, ‘our Company’ and ‘the Issuer’ and the terms ‘we’, ‘us’ and ‘our’, are to Garment Mantra and Lifestyle Limited.*

Our Company was incorporated under the Companies Act, 1956 with the Registrar of Companies, Coimbatore, Tamil Nadu under the name ‘Junction Fabrics and Apparels Private Limited’ and a certificate of incorporation dated November 15, 2011 was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. Our Company was converted into a public limited company pursuant to a resolution passed by our Shareholders at an extraordinary general meeting dated March 05, 2015. Consequently, the name of our Company was changed to ‘Junction Fabrics and Apparels Limited’ and a fresh certificate of incorporation dated March 24, 2015 was issued by the Registrar of Companies, Coimbatore, Tamil Nadu. Subsequently, pursuant to a resolution passed by the Shareholders in their extraordinary general meeting dated January 04, 2020, the name of our Company was changed to ‘Garment Mantra Lifestyle Limited’ and a fresh certificate of incorporation dated March 16, 2020 was issued by the Registrar of Companies, Coimbatore, Tamil Nadu.

Our Company started its garment and fabrics business and the production unit for manufacturing of garments in Nethaji Apparels Park (“NAP”). NAP is registered as a Company under section 25 of the Companies Act 1956 invited apparel exporters in the region to register with the Association for a plot in the Apparel Park. Our Company is an entrepreneur-driven and well-managed organization focused on meeting our consumer requirements for meeting their fashion and lifestyle requirements by offering products and services of the finest quality.

Our Company is primarily engaged in the three business divisions i.e., (a) garment manufacturing; (b) trading of knitted fabric and knitted garments; and (c) selling of knitted garments which are manufactured. garment products covering all age group segments such as men’s wear, ladies’ wear, boys’ wear, girls’ wear and family wear. We use a variety of knitted fabrics such as 100% cotton, 100% polyester, blended (cotton and polyester) and printed polyester fabrics in the production of garments. We have well-established manufacturing units for designing, preparation of sample, quality inspection, ironing and packing of Garments that is equipped with all the necessary hi-tech machines and tools that are required for a modern manufacturing unit. We are getting sewing done of our products through job work, all the other activities related to the product manufacturing like cutting, checking, ironing, packing and dispatching from our in-house facilities Company’s products are available in India through a network of wholesalers and distributors. Our business process includes use of yarn and fabrics during the manufacturing process. Besides, we are also able to offer our customers fabric alternatives for their existing collections thus, create important added values in terms of pricing, quality and delivery terms.

We have approximately 26,016 sq. ft. size area manufacturing plant located at Nethaji Apparel Park, Tirupur, Tamil Nadu i.e, in the city of “Knit City of India”.

Apart from selling our products in the domestic market, we have exported our products to United Arab Emirates in the last financial year. Our Company has achieved this feat due to their servicing of the customers, a wide variety of products keeping in tune with the latest trends and delivering quality products.

### Salient Features of Our Products

- All Sizes Garments
- Knitted Fabrics
- Attractive Design
- Blended fabrics i.e. Cotton – Polyester as well as Polyester cotton
- 100% polyester fabrics
- 100% Cotton Knitted Fabrics
- Non-allergenic natural Fibre
- Eco-friendly Products

We ensure we get the best quality fabrics. We constantly change our rotary designs and thus we always have the

latest print designs that are fast-moving in the market.

The below-mentioned products are manufactured in all sizes from extra extra small (XXS) to Extra Extra Large (XXL). The sale price of the product depends upon certain factors such as Print, Embellishments, Style, Embroidery, Packing etc.

**Our Products Portfolio**

We have developed wide variety of Products as below:-

Mens Wear	
<ul style="list-style-type: none"> <li>• T-Shirts</li> <li>• Track/Night Pants</li> <li>• Capri</li> <li>• Bermudas</li> <li>• Night Suit Set</li> <li>• Gym/Yoga Wear</li> <li>• Shorts</li> </ul>	<div style="display: flex; flex-direction: column; align-items: center;">      </div>
Womens Wear	

- Nights Wears
- Nights Pants
- Yoga Wears
- Casual Bottoms
- Tops
- Capris







**Boys Wear**

- T – Shirts
- Barmudas
- Top Bottom Set
- Trucks, Pants





**Girls Wears**

- Frocks
- Tops
- Pants
- Top Bottom Set
- T-Shirts



**Family Wear**

T-shirt Set





## **Manufacturing Process**

### **Knitting**

We utilize the advanced technology machineries to knit the fabrics like Reiter, Mayer & Cie to produce various qualities of circular knitted fabrics right from 140 to 280 gsm in summer 280-350 gsm in winter.



### **Dyeing**

Dyes and chemicals only from large-scale manufacturers and we ensure our fabric quality and standards at every stage with our laboratory and experienced technicians.



### **Garment Stitching**

Garment sewing unit is done with proper lighting, good floor space and amenities.



### **Printing**

All-over print on knitted fabric using multi-color rotary printing machine for reactive, pigment and discharge prints



**Embroidery**

Computerized multi-head embroidery machines to make chain, loop stitch and chenneli designs up to 8-9 colors on Japanese make machine like Barudan & Tajima.

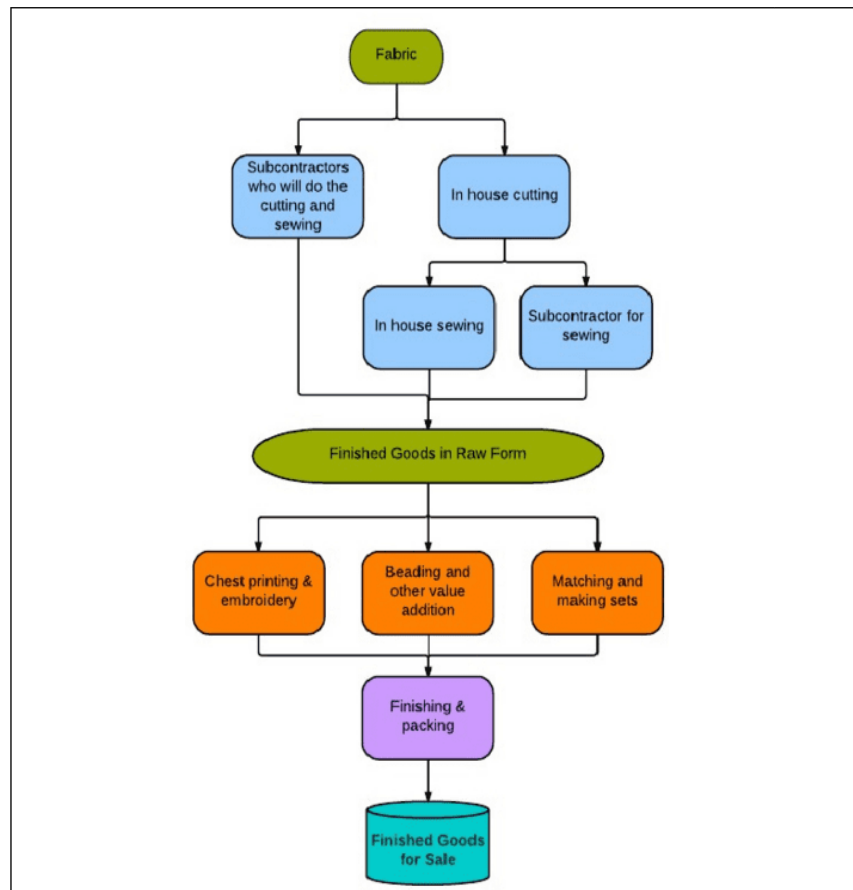


**Our Location**

<b>Registered Office</b>	No. 15, Murthy’s Plaza, Karia Gounder Street, Khaderpet, Tirupur-641601, Tamil Nadu, India Tel - +91-421-4336896
<b>Corporate Office</b>	No. 15, Murthy’s Plaza, Karia Gounder Street, Khaderpet, Tirupur-641601, Tamil Nadu, India Tel - +91-421-4336896.
<b>Godown/ Manufacturing</b>	1. Shed No:40, Nethaji Apparel Park, Eethiveeranampalayam, New Tirupur, Tamil Nadu –641666; Tel No: - +91-421-2357140. 2. Unit-22 Nethaji Apparel Park, Eetiveeranampalayam, New Tirupur – 641 666
<b>Sales Office</b>	3, 4 Nanjappa School Road, Khaderpet, Tirupur – 641 601

**Manufacturing Flow Charts of Garments**

Activities undertaken by us for garment manufacturing are summarized in the following chart:-



### Trading of Garments:

Our Company is engaged in trading of garments which includes trading of men's wear, ladies' wear, boys' wear, girls' wear and family wear. We trade all types of garments which include all types of comfort wear i.e., shorts, joggers, capri, tees, rompers, sleepsuits, pyjamas, night suits and sets etc. We sell our products through trading under our own brand names i.e., Hylex, Helicon etc. and supply without any brand name also as per the requirements of customers.

We usually trade in bulk orders of garments in B2B only. As of date, we do not have any branding and tie-up agreements with any of our customers. We supply our products as per the requirements of our customers.

Furthermore, our supplier in the trading business includes small manufacturer from where we purchase garments and sells them to our customers as per their requirements of design, colour, size and quantity. Our customer are usually the wholesalers of garments which further sells to retailers.

The trading process includes:

- a) We share the designs and patterns with our group of customers.
- b) We have a group of customers who usually purchase garments from us on a regular basis.
- c) According to the requirements of the customer, they place an order for the garments with details of design and quantity, which are readily available with us.
- d) Thereafter, the agreed designs and quantity are directly dispatched to our customers from our premises. We sell garments under brand name of Hylex, Helicon.

### **Steps Involved in Manufacturing Process of Garment**

1. **Procurement of raw materials:** Based on the product requirements, we order the raw material i.e., fabric from vendors.
2. **Spreading:** With the help of spreading machines, fabric is stacked on one another in reaches or lays.
3. **Cutting:** Our Company does cutting in two ways i.e. by subcontractors who do the cutting and sewing & In-house cutting which is done with the help of cloth cutting machines suitable for the type of cloth.
4. **Sewing:** The sorted bundles of fabrics all now ready to be stitched. There are sewing stations for sewing different parts of the cut piece. Now the finished goods are in raw form.
5. **Finishing:**
  - Chest printing & Embroidery: As the finished goods get ready in raw form our chest printing & embroidery machines do attractive printing & embroidery.
  - Beading: As printing & embroidery get over, requirement of the products, we put designed trending beads.
  - Tagging: Products are tagged according to their type, style, size, design, price etc.
  - Packing: The products with similar tags are packed together. They are packed into cartons and stored in the warehouse.
6. **Dispatch:** The dispatch team then dispatch the packed products to the warehouse of customers as per the delivery schedule.

### **Our Competitive Strengths**

We believe that the following are our primary competitive strengths:

#### **1. Diversified Product Portfolio**

Our Company has a varied product base to cater to the requirements of our customers. Our product portfolio includes a diversified variety of products which ranges from men's, women's, boys' and girls' wear with sizes varying from XXS (Extra Extra Small) to XXL (Extra Extra Large) and in every colour with attractive printed designs. Our range of products allows our existing customers to source most of their product requirements under one roof and also enables us to expand our business from existing customers, as well as address a larger base of potential new customers.

## 2. Quality Assurance and Standards

We believe in providing our customers with the best possible quality of garments. As a result of this, we used fabrics that are either 100% cotton or 100% polyester in nature which provides better quality products. We adopt quality checks to ensure adherence to desired specifications, quality and colours. Since, our Company is dedicated towards quality products, processes and inputs; we often get repetitive orders from our wholesaler, as we are capable of meeting their quality standards.

## 3. Existing customer relationship

We believe that we constantly try to address customer needs around a variety of products. Our existing customer relationships help us to get repeat business from our customers as reflected in the last three financial years. We believe this shall help us maintain a long-term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our customers/wholesaler represents a competitive advantage in gaining new customers and increasing our business.

We have established direct communication channels with retailers and end-users, and are positioned to gain valuable market insights and real-time information about emerging trends. This enables us to adapt quickly and align product offerings with the latest fashion trends, ensuring relevance and competitiveness in the market.

## 4. Existing relationships with suppliers

We have acquired raw materials from several suppliers and have had contact with them for more than 5 years. We believe that our strong relationships with suppliers will enable us to continue to grow our business. Due to our relationships with our suppliers, we get quality and timely supplies of raw materials. This enables us to manage our inventories and supply quality products on a timely basis to our customers.

## 5. Distribution Network and timely fulfilment of orders

Distribution network has been crucial in enhancing our marketing strategy and ensuring timely delivery of products in the Indian markets. We believe this network will enable us to efficiently reach retailers in Tier 2, Tier 3 and Tier 4 cities while also ensuring a strong presence in Tier 1 cities. Timely fulfilment of the orders is a prerequisite in our industry. Our Company has taken various steps in order to ensure adherence to timely fulfilment and also to achieve greater cost efficiency at our existing unit. Our Company constantly endeavors to implement an efficient procurement policy for inputs required for production so as to ensure cost efficiency in procurement which in turn results in cost-effective production.

## 6. Integrated Entire Textile Value Chain

We control the entire textile value chain from supplying yarn to the mills for Knitting, Dyeing, Printing, and Compacting factories. Exclusive facilities contracted for each process ensure our Company with the supply of consistent quality fabrics/garments with effective control on costs as well.

## Our Business Strategy

Our strategy will, *inter alia*, be to focus on capitalizing on our core strengths and expanding the operations of our business. We intend to focus on our existing range of products with specific emphasis on the following factors as business and growth strategy:

### 1. Distribution and Marketing Model:

Our Company aims to develop a comprehensive distribution and marketing strategy to effectively penetrate markets from Tier 2 to Tier 4 cities. This includes launching targeted promotional schemes, participating in industry exhibitions to broaden market reach, and investing in training for company personnel in sales, direct marketing, and technology. By enhancing these capabilities, our Company seeks to strengthen its presence and drive sales across diverse urban and rural markets.

**2. Manufacturing Partnerships:**

Rather than investing in additional infrastructure, our Company will enter into agreements and contracts with established factories for garment production. We believe this approach will allow our Company to focus on leveraging its brand identity and marketing prowess, optimizing operational efficiency without the capital expenditure associated with new manufacturing facilities.

**3. Digital Transformation:**

Our Company recognizes the importance of digital platforms in building its brand image and securing orders. By harnessing digital tools and channels, we believe our Company could increase its market visibility and accessibility, leading to a higher percentage of orders and a stronger online presence.

**4. Investment in Human Resources:**

Training and developing personnel is a key component of our Company’s strategy. Investment in human resources ensures that employees are well-equipped with the skills and knowledge needed to drive sales, manage operations, and support our Company’s growth objectives effectively. Our Company seeks to leverage this opportunity to directly receive market information from the retailers about fast moving trends in the market.

**5. Expand Market Reach:**

Our Company has started increasing its focus on sales through the distributor where we can expand the footprints in Central India with their customized products based on the trends and market requirements. We are also focusing on selling to the end mile with our Company’s dedicated manpower assisting in business building for the distributor. Our Company would operate a model that is Company and distributor-operated. We believe the distribution marketing model would help reach us larger number of cities, enhancing our Company’s market coverage and customer base. This strategic expansion aims to improve accessibility and visibility in both established and emerging markets.

**6. *Develop cordial relationships with our Suppliers, Customer and employees***

We believe in maintaining good relationships with our Suppliers and Customers which is the most important factor to keep our company growing. Our dedicated and focused approach and efficient and timely delivery of products has helped us build strong relationships over number of years. We bag and place repetitive orders with our customers as well as with our suppliers respectively. For us, establishing strong, mutually beneficial long-term relationships and strategic supplier relationship management are critical steps in improving performance across the supply chain, generating greater cost efficiency and enabling the business to grow and develop.

**7. Corporate Engagement in Tier 1 Cities:**

Our Company plans to engage with corporate clients in Tier 1 cities who lack direct marketing access. By targeting these organizations, our Company aims to tap into new business opportunities and enhance its market share in high-potential urban areas.

**Swot Analysis**

<u>Strengths</u>	<u>Weaknesses</u>
<ul style="list-style-type: none"> <li>✓ Quality Product</li> <li>✓ Cordial Relationship with customers, suppliers and employees</li> <li>✓ Highly experienced Promoters with around 3 decades of experience</li> <li>✓ Sufficient availability of raw material</li> </ul>	<ul style="list-style-type: none"> <li>✓ Working capital intensive business</li> <li>✓ High labor turnover of workers</li> <li>✓ Labor market volatility</li> <li>✓ Fast-moving fashion trends</li> </ul>

<b><u>Opportunities</u></b>	<b><u>Threats</u></b>
<ul style="list-style-type: none"> <li>✓ Huge growth potential in domestics and international Market</li> <li>✓ Digital marketing</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increased competition.</li> <li>✓ Changes in political and economic environment.</li> <li>✓ Easy access for new entrants</li> <li>✓ Fluctuation in labor force</li> <li>✓ Change in trends and fashion</li> </ul>

### **Plant & Machinery**

Stated below are the brief details of some of the major equipment utilized at our units:-

<b>S.no</b>	<b>Name/Description of the Machinery</b>	<b>Date of Purchase</b>
<b>Generators</b>		
1	Auto Electricals Steam Generator 2	17.04.2014
2	Auto Electrical Steam Generator 3	02.01.2015
3	Auto Electrical Steam Generator-1	16.04.2014
4	Electric Generator Set	19.05.2012
<b>Sewing &amp; Emb Machines</b>		
5	Siruba Five Thread Cylindered- 1	19.03.2012
6	Siruba Five Thread Cylindered-2	19.03.2012
7	Siruba Five Thread Flattered-1	19.03.2012
8	Siruba Five Thread Flattered -2	19.03.2012
9	Siruba Five Thread Flattered-3	19.03.2012
10	Siruba Four Thread Over Lock -1	19.03.2012
11	Siruba Four Thread Over Lock -10	19.03.2012
12	Siruba Four Thread Over Lock -2	19.03.2012
13	Siruba Four Thread Over Lock-3	19.03.2012
14	Siruba Four Thread Over Lock -4	19.03.2012
15	Siruba Four Thread Over Lock -5	19.03.2012
16	Siruba Four Thread Over Lock-6	19.03.2012
17	Siruba Four Thread Over Lock-7	19.03.2012
18	Siruba Four Thread Over Lock-8	19.03.2012
19	Siruba Four Thread Over Lock-9	19.03.2012
20	Siruba Single Needle Lockstich-1	19.03.2012
21	Siruba Single Needle Lockstich-10	19.03.2012
22	Siruba Single Needle Lockstich-2	19.03.2012
23	Siruba Single Needle Lockstich-3	19.03.2012
24	Siruba Single Needle Lockstich-4	19.03.2012
25	Siruba Single Needle Lockstich-5	19.03.2012
26	Siruba Single Needle Lockstich-6	19.03.2012
27	Siruba Single Needle Lockstich-7	19.03.2012
28	Siruba Single Needle Lockstich-8	19.03.2012
29	Siruba Single Needle Lockstich-9	19.03.2012
30	Finishing Equipments B10	01.06.2015
31	Hydraulic Scissor Lift-B11	26.04.2018



32	Jingwei Model (Cutting Plotter): EDO-1872R	26.01.2018
33	Mehala Stain Remover Model SSRB	19.03.2012
34	Mehala Vacuum Table(5x4):1	19.03.2012
35	Mehala Vacuum Table (5x4) :2	19.03.2012
36	Plant & Machinery	04.10.2019
37	Plant & Machinery-SPT MERGER	28.02.2015
38	Portable Boiler PB 22 E Model	19.03.2012
39	Purchase of Reverse Osmosis System	30.05.2012
40	Softing Plant	31.05.2014
41	Steam Iron Pres (BS-6-BC-3	1.12.2014
42	Steam Iron Press (BS-6-PC)-1	19.03.2012
43	Steam Iron Press (BS-6-PC)-2	19.03.2012
44	Swatch Cutting Machine	18.12.2015

**Collaborations/Tie Ups/ Joint Ventures:** As on date of the Draft Letter of Offer, we do not have any Collaboration/Tie Ups/ Joint Ventures.

**Export Obligation:** Our Company does not have any export obligation as on date.

### **Sales and Marketing**

Marketing is an important function of our organization. We sell our products throughout India and have exported in United Arab Emirates as there is demand for our products. This order from the overseas is the reflection of our continuous efforts and dedication of Management, Designers and Sales Team.

Our Company aims to develop a comprehensive distribution and marketing strategy to effectively penetrate markets from Tier 2 to Tier 4 cities. This includes launching targeted promotional schemes, participating in industry exhibitions to broaden market reach, and investing in training for company personnel in sales, direct marketing, and technology. By enhancing these capabilities, our Company seeks to strengthen its presence and drive sales across diverse urban and rural markets.

Our success lies in the strength of our relationship with our customers who have been associated with our Group for more than 5 years. Our promoters, Prem Aggarwal and Mrs. Shikha Aggarwal, having 3 decades of experience in the textile industry and good rapport with clients owing to timely and quality delivery of products plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, we regularly interact with them and focus on gaining insight into the designs and other additional needs of such customers. With large sales potential, low infrastructure costs, raw material proximity and the availability of professional expertise of our Promoters, we plan to grow geographically so that our product reach to underpenetrated geographies, increase the penetration of our products in markets in which we are currently present and widen the portfolio of our products available in those markets by growing our network. Our success is dependent on our ability to enter and expand our network in new markets which is further dependent on our familiarity with the economic condition, customer base and commercial operations in new regions. With limited presence, our ability to gain market share is also dependent on our ability to compete with companies that may have an existing strong presence.

### **Marketing Strategy**

We intend to focus on the following marketing strategies:

1. Focus on existing markets and increasing our customer base.
2. Appointment of dealers and wholesalers in new markets.
3. Emphasizing on providing value added services.
4. Continuously holding markets trends.

## Competition

Much of the market in which we operate is unorganized and fragmented with many small and medium-sized entities. We face substantial competition for our products from other manufacturers in the domestic market. Our competition varies for our products and regions. We compete with other manufacturers on the basis of product range, product quality, and product price including factors, based on reputation, regional needs, and customer convenience. While these factors are key parameters in the client's decision matrix in purchasing goods; product range, product quality and product price are often the deciding factors in most deals. Some of our major competitors are:-

- **Kitex Garments Limited – For Knitted Garments**
- **SPL Industries Limited – For Knitted Garments**
- **Indian Terrain Fashions Limited – For Knitted Garments**

## Infrastructure & Utilities

**Raw Materials:** Since our Company processes the fabrics mainly on Job Work basis, the major raw materials required by our Company are Cotton Yarn, hosiery cotton knitted fabric and polyester fabric. A list of major suppliers as on March 31, 2024 is as follows:

(₹ In lakhs)

Name	Value	As % of Total
Supplier 1	3,450.53	34.33
Supplier 2	2,815.29	28.01
Supplier 3	900.95	8.96
Supplier 4	366.06	3.64
Supplier 5	306.44	3.05
Supplier 6	302.53	3.01
Supplier 7	293.06	2.92
Supplier 8	244.50	2.43
Supplier 9	178.68	1.78
Supplier 10	157.20	1.56
<b>Total</b>	<b>9015.27</b>	<b>89.69</b>

**Power:** The requirement of power for our operations, like power for lighting and operating the machinery/equipment is met through the Tamil Nadu Electricity Board. The electricity connection from TNEB is obtained by Nethaji Apparels Parks, which recovers the electricity bill from us on the basis of units consumed by our unit, which is calculated monthly thoroughly through an electric meter reading box installed in our premises.

**Water:** Water requirement for the manufacturing and allied processes is minimal and the same is procured locally by way of the existing water supply network in that area.

**Manpower:** We believe that our employees are key contributors to our business success. To achieve this, we focus on attracting and retaining the best possible talent. Our Company looks for specific skill sets, interests and backgrounds that would be an asset for its kind of business.

Our Company has an in-house quality check team for quality assurance for the products manufactured and distributed domestically.

**Employee Profile:** As on November 30, 2024, we employ 21 full-time employees and 9 temporary employees at our registered office, Corporate Office and manufacturing premises. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work processes and skilled resources together with our management team have enabled us to successfully implement our growth plans.

**Department Wise Employee Break-Up**

Department	No. of Employees (Permanent)	No. of Employees (Temporary Employees)
Management	3	0
Audit	1	0
Accounts	3	2
Administration	5	0
Production	5	6
Sales	4	1
<b>Total</b>	<b>21</b>	<b>9</b>





**Property**

**Intellectual Property**

The details and status of our logo and trade are as below: -

**Trademarks registered/Applied in the name of our company**

Set forth below are the trademarks registered in the name of our company and its Subsidiary company. Under the Trademarks Act, 1999:

S. No	Brand Name/Logo Trademark	Class	Nature of Trademark	Owner	ApplicationNo. & Date
1.	Helicon	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Private Limited</i> )	2571151/ 26-07-2013
2.	Fab Station	24		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Limited</i> )	4192360/ 30-05-2019
3.	Fab Station	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Limited</i> )	4192361/30-05-2019
4.	Junction	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Private Limited</i> )	2935781/ 07-04-2015

5.	Garment Mantra	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Limited</i> )	2305250/ 26-03-2012
6.	Hylex	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Limited</i> )	2305251/ 26-03-2012
7.	Hylex Premium	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Limited</i> )	2305252/ 26-03-2012
8.	Hylex Premium	25		Garment Mantra Lifestyle Limited	496755/ 07-05-2021
9.	Premjee Store	24		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Limited</i> )	4399492/ 06-01-2020
10.	Premjee Store	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Limited</i> )	4399497/ 06-01-2020
11.	Poorti Store	24		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Private Limited</i> )	4401812/ 08-01-2020

12.	Poorti Store	25		Garment Mantra Lifestyle Limited (Registered with its earlier name <i>Junction Fabrics and Apparels Private Limited</i> )	4401813/ 08-01-2020
13.	20 20	35		Twenty Twenty Trading LLP	4070254/ 29-01-2019
14.	Price Mantra	35		Twenty Twenty Trading LLP	4070253/ 29-01-2019
15.	Price Mantra	35		Twenty Twenty Trading LLP	4070257/ 29-01-2019
16.	Price Mantra	35		Twenty Twenty Trading LLP	4966756/ 07-05-2021

### Immovable Property

Details of properties of our company and its Subsidiary company are as follows: -

Sr. No.	Details of the Property	Use	Owned/Leased/ License	Licensor/Lessor/Vendor	Consideration/Lease Rental/License Fees (₹)
1.	No. 15, Murthy's Plaza, Karia Gounder Street, Khaderpet, Tirupur-641601, Tamil Nadu, India	Currently the premise is used as Registered Office	Leased	Lease Deed between Mr. CN Pashupathy & Mrs. Padma Pashupathi, AND Garment Mantra Lifestyle Limited dated March 01, 2024 till February 28, 2026	Monthly rent of Rs. 1,42,500/- payable on or before 5 <sup>th</sup> day of each succeeding month.
2.	3, 4 Nanjappa School Road, Kadherpet,	For sale of our products	Leased	Rental Agreement between Sri K.	Monthly rent of Rs. 40,000/- payable on

	Tirupur-641601			Thangavelu AND Garment Mantra Lifestyle Limited dated January 24, 2024 till December 23, 2025	or before 5 <sup>th</sup> day of each month.
3.	Shet No-40 Nethaji Apparel Park, Eetiveerampalayam, New Tirupur-641666	Godown	Leased	Lease Deed between Nethaji Apparel park AND Garment Mantra Lifestyle Limited dated January 04, 2012	Consideration of Rs. 1000/- p.a. on leasehold ownership for a period of 30 years from the date of Agreement and further extended by 69 years vide Board Resolution of Nethaji Apparel Park dated February 16, 2015 thus the total lease period is 99 years from the date of Lease Deed.
4.	Unit-22 Nethaji Apparel Park, Eetiveerampalayam, New Tirupur-641666	Godown	Leased	Rental Agreement between Jannat Fabrics and Apparels Private Limited AND Garment Mantra Lifestyle Limited dated January 24, 2024 till December 23, 2025*	Monthly rent of Rs. 10,000/- + 18% GST Rs. 1800/- payable on or before 5 <sup>th</sup> day of each month.
5.	No.2, Sithappa Avenue, Rayapuram, Tirupur-641601	For sale of our products	Leased	Rental Agreement between Prem Aggarwal, Shikha Aggarwal and Aditya Aggarwal AND Garment Mantra Lifestyle Limited dated September 01, 2024 for 11 months*	Monthly rent of Rs. 2,25,000/-+ GST and other taxes.
6.	Unit-22 Nethaji Apparel Park, Eetiveerampalayam, New Tirupur-641666	Manufacturing	Leased	Lease Deed between Nethaji Apparel park AND Jannat Fabrics and Apparels Private Limited dated October 03, 2013*	Consideration of Rs. 1000/- p.a. on leasehold ownership for a period of 30 years from the date of Agreement and further extended by 69 years vide Board Resolution of Nethaji Apparel Park dated February 16, 2015 thus the total lease period is 99 years from the date of Lease Deed.
7.	No 7(1) Vinayagapuram, Rayapuram Extension, Tirupur-641601	Women hostel for staff	Leased	Rental Agreement between Shikha Aggarwal AND Jannat Fabrics and	Monthly rent of Rs. 6,000/- payable on or before 5 <sup>th</sup> day of each succeeding

				Apparels Private Limited dated April 01, 2023 till March 31, 2026*	month.
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*\*These are agreements entered into by our Company with either the Subsidiary Company or the Promoters, hence are part of the related party transactions.*

## Insurance

The details of all the insurance policies maintained by our Company and its Subsidiary Company are as follows:

Sr. No.	Nature of the policy	Policy Number	Date of expiry	Name of the entity issuing the insurance	Sum Insured	Premium amount	Coverage provided under the insurance policy
1.	United Value Udyam Suraksha Policy	1713001124P104742950	July 2025	United India Insurance Company Ltd	34,76,55,000	2,05,936	Plant & Machinery Furniture, Fixtures & Fittings Building. On stock of all kinds material used for the manufacturing of insured trade.
2	Burglary Standard Policy	1713001224P104745094	July 02, 2025	United India Insurance Company Ltd	31,76,55,000	29,986	Plant & Machinery Furniture, Fixtures & Fittings Building On stock of all kinds material used for the manufacturing of insured trade.
3	Private car package policy	1713003124P108622707	September 22, 2025	United India Insurance Company Ltd	10,50,000	30,992	Hyundai /Verna (2020)
4	Private car package policy	993492423340000454	February 11, 2025	Reliance General Insurance Company Ltd	1,96,200	19,356	Tata Ace
5	Private car package policy	1713003124P104007471	June 21, 2025	United India Insurance Company Ltd	8,70,000	27,522	Hyundai /Verna (2011-2020)
6	Goods caring vehicle package policy	31090031230150009954	December 06, 2024	New India Assurance	6,65,000	34,111	Eicher
7	Motor cycle/scooter package Policy	1713003124P106055155	August 02, 2025	United India Insurance Company Ltd	26,000	1,046	Honda / Activa 3G
8	Motor cycle/scooter package Policy	1713003124P106261926	July 31, 2025	United India Insurance Company Ltd	9,200	698	TVS / XL Super HD
9	Motor cycle/scooter	1713003124P100654287	April 11, 2025	United India Insurance Company Ltd	12,000	968	TVS / TVS XL 100 Heavy Duty TVS

	package Policy							XL100 Heavy Duty
10	Motor cycle/scooter package Policy	1713003 123P115 529334	February 23, 2025	United India Insurance Company Ltd	10,000	773		TVS / XL XL HD
11	Motor cycle/scooter package Policy	1713003 123P115 529147	February 24, 2025	United India Insurance Company Ltd	10,000	720		TVS / XL XL HD
12	Private car package policy	1426515 1	June 05, 2025	IFFCO Tokiyo General Insurance Co Ltd	2,91,994	18,762		Maruti Swift
13	United Value Udyam Suraksha Policy	1713001 123P108 42072	October 16, 2024	United India Insurance Company Ltd	23,40,00,00 0	18,50,001		Stock, Plant & Machinery Building
14	Goods caring vehicle package policy	3003/AL - 1788538 6/00/000	January 27, 2025	Bajaj Allianz General Insurance Co Ltd	5,50,002	23,720		Dost Plus, L S FSD BS 6
15	Private car package policy	1713003 124P106 058668	August 03, 2025	United India Insurance Company Ltd	2,30,000	12,169		Force Motors/ Trax Cruiser (2007-2018)
16	Private car package policy	3001/M G- 1874291 9/00/000	December 25, 2024	ICICI Lombard General Insurance Company Ltd	15,04,860	34,036		Hector Plus
17	Motor cycle/scooter package Policy	1713003 124P109 264875	September 29, 2025	United India Insurance Company Ltd	45,000	1,389		Suzuki Access
18	Motor cycle/scooter package Policy	1713003 123P108 187100	October 12, 2024	United India Insurance Company Ltd	50,000	904		TVS/ XL Heavy Duty HD
19	Motor cycle/scooter package Policy	1713003 123P108 187329	October 12, 2024	United India Insurance Company Ltd	50,000	904		TVS/ XL Heavy Duty HD
20	Private car package policy	TSB/307 03173	June 23, 2025	SBI General Insurance Co Ltd	11,36,251	37,247		Innova Crysta



## OUR MANAGEMENT

### Our Board of Directors

Our Articles of Association require us to have such number of directors subject to the provisions of Section 149 of the Companies Act, 2013 and the rules made thereunder. As on date of this Draft Letter of Offer, we have five (05) Directors on our Board, of whom one (01) is a Managing Director, one (01) is a woman Whole Time Director and three (03) are Non-Executive Independent Directors.

The following table provides details regarding the Board of Directors of our Company as of the date of this Draft Letter of Offer:

Name, DIN, Date of Birth, Designation, Address, Occupation, Term, Period of directorships and Nationality	Age (years)	Other Directorships
<p><b>Prem Aggarwal</b></p> <p><b>DIN:</b> 02050297</p> <p><b>Date of Birth:</b> March 03, 1964</p> <p><b>Designation:</b> Chairman and Managing Director</p> <p><b>Address:</b> 333, 3rd floor ,1st Cross, Opp. Rajdhani building, College Road, Tiruppur-641602, Tamil Nadu, India</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> For a period of 5 (Five) years commencing from March 23, 2020 till March 22, 2025.</p> <p>Period of directorship: Since November 15, 2011</p> <p><b>Nationality:</b> Indian</p>	60	<p style="text-align: center;"><i>Indian Companies</i></p> <ol style="list-style-type: none"> <li>1. Hylex Fashion Private Limited (Formerly known as Jannat Fabrics and Apparels Private Limited);</li> <li>2. Swaad Mantra Hotels and Restaurants Private Limited; and</li> <li>3. Nature And Nurture Agro Homes Private Limited.</li> </ol> <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> <p style="text-align: center;"><i>LLP</i></p> <p style="text-align: center;">Twenty Twenty Trading LLP</p>
<p><b>Shikha Aggarwal</b></p> <p><b>DIN:</b> 03373965</p> <p><b>Date of Birth:</b> August 16, 1965</p> <p><b>Designation:</b> Whole-time Director</p> <p><b>Address:</b> 333, 3rd floor ,1st Cross, Opp. Rajdhani building, College Road, Tiruppur-641602, Tamil Nadu, India</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> For a period of 5 (Five) years commencing from March 23, 2020 till March 22, 2025.</p> <p>Period of directorship: Since November 15, 2011.</p> <p><b>Nationality:</b> Indian</p>	59	<p style="text-align: center;"><i>Indian Companies</i></p> <p>Hylex Fashion Private Limited (Formerly known as Jannat Fabrics and Apparels Private Limited).</p> <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> <p style="text-align: center;"><i>LLP</i></p> <p style="text-align: center;">Twenty Twenty Trading LLP</p>

Name, DIN, Date of Birth, Designation, Address, Occupation, Term, Period of directorships and Nationality	Age (years)	Other Directorships
<p><b>Subramanian Thirumurugan</b></p> <p><b>DIN:</b> 03107366</p> <p><b>Date of Birth:</b> June 14, 1973</p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> Old no. 255DA / 136 New No 347, Ganapathy Nagar, Perambalur, 621212, Tamil Nadu, India</p> <p><b>Occupation:</b> Business</p> <p><b>Term:</b> For a period of 5 (Five) years commencing from April 03, 2020 till April 02, 2025<sup>(1)</sup>, not liable to retire by rotation.</p> <p>Period of directorship: Since March 6, 2015</p> <p><b>Nationality:</b> Indian</p>	51	<p style="text-align: center;"><i>Indian Companies</i></p> <ol style="list-style-type: none"> <li>1. Sculpt Soft Solutions India Private Limited; and</li> <li>2. Aathmika Hospitality Private Limited.</li> </ol> <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> <p style="text-align: center;"><i>LLP</i></p> <p style="text-align: center;">Nil</p>
<p><b>Thangamuthu Muthiah</b></p> <p><b>DIN:</b> 09550682</p> <p><b>Date of Birth:</b> June 05, 1953</p> <p><b>Designation:</b> Independent Director</p> <p><b>Address:</b> C 403, Serene Apartment, Idigarai Road, NGGO Colony, Coimbatore-641022, Tamil Nadu, India</p> <p><b>Occupation:</b> Joint Director Sericulture Retd.</p> <p><b>Term:</b> For a period of 5 (Five) years commencing from April 04, 2022 till April 03, 2027, not liable to retire by rotation<sup>(2)</sup>.</p> <p>Period of Directorship: Since April 04, 2022</p> <p><b>Nationality:</b> Indian</p>	71	<p style="text-align: center;"><i>Indian Companies</i></p> <p style="text-align: center;">Nil</p> <p style="text-align: center;"><i>Foreign Companies</i></p> <p style="text-align: center;">Nil</p> <p style="text-align: center;"><i>LLP</i></p> <p style="text-align: center;">Nil</p>
<p><b>Deva Kumar</b></p> <p><b>DIN:</b> 09243364</p> <p><b>Date of Birth:</b> April 10, 1990</p> <p><b>Designation:</b> Independent Director</p>	34	<p style="text-align: center;"><i>Indian Companies</i></p> <ol style="list-style-type: none"> <li>1. Thatsall Consultancy Services Private Limited; and</li> <li>2. Hylex Fashion Private Limited (Formerly known as Jannat Fabrics and Apparels Private Limited)</li> </ol>

Name, DIN, Date of Birth, Designation, Address, Occupation, Term, Period of directorships and Nationality	Age (years)	Other Directorships
<p><b>Address:</b> 3/46, Nadar Perumapalayam, Sullipalayam, Sullipalayam, Erode, Erode – 638 057, Tamil Nadu, India</p> <p><b>Occupation:</b> Professional</p> <p><b>Term:</b> For a period of 5 (Five) years commencing from November 10, 2023 till November 09, 2028, not liable to retire by rotation<sup>(3)</sup>.</p> <p>Period of directorship: Since November 10, 2023</p> <p><b>Nationality:</b> Indian</p>		<p><i>Foreign Companies</i></p> <p>Nil</p> <p><i>LLP</i></p> <p>Nil</p>

<sup>(1)</sup> Subramanian Thirumurugan was appointed as an additional non-executive and independent director by way of a resolution of the Board dated April 03, 2020. Subsequently, the shareholders have ratified the appointment as an Independent Director by a resolution dated September 30, 2020 for a period of five years with effect from April 03, 2020 till April 02, 2025.

<sup>(2)</sup>Thangamuthu Muthiah was appointed as an additional non-executive and independent director by way of a resolution of the Board dated April 04, 2022. Subsequently, the shareholders have ratified the appointment as an Independent Director by a resolution dated May 07, 2022, for a period of five years with effect from April 04, 2022 till April 03, 2027.

<sup>(3)</sup>Deva Kumar was appointed as an additional non-executive and independent director by way of a resolution of the Board dated November 10, 2023. Subsequently, the shareholders have ratified the appointment as an Independent Director by passing a resolution through postal ballot dated December 23, 2023 (postal ballot as declared on December 26, 2023), for a period of five years with effect from November 10, 2023 till November 09, 2028.

### **Brief Biographies of our Directors**

**Prem Aggarwal**, aged 60 years, is the Chairman and Managing Director of our Company. He has been on the Board since incorporation. He has more than 34 years of experience in textile sector. Over the years, he has acquired expertise in various areas of production. Under his dynamic leadership and vast experience, we are able to deliver constant value to our Company's projects and expansion strategy. He has overall experience of 34 Years in the various business activities ranging from manufacturing, fabrication, knitting, distribution dyeing and printing of garment products. Being an early starter, he has worked on almost all levels of the organisation which helps him understand and handle major functions of our company. Under his dynamic leadership and vast experience, we are able to deliver constant value to company's projects and expansion strategy.

**Shikha Aggarwal** aged 59 years is the Whole Time Director of our Company. She has 23 years of experience in the garment industry particularly in reading the requirement of the domestic market and carrying the business of readymade garments with various technical matters thereto. She is also one of the core promoters of our Company and she looks after the domestic sales of our products in local market and in other areas.

**Subramanian Thirumurugan**, aged 51 years, is the Independent Director of our Company. He holds a degree of Bachelor of Engineer and has 25 years of experience with engineering background out of which he has more than 20 years of global experience in setting up SAP and ERP. His expertise includes ERP and SAP across all verticals of business.

**Thangamuthu Muthiah**, aged 70 years, is the Independent Director of our Company. He holds a degree of Master in Science from Annamalai University. He also holds Diploma in Tropical Sericulture. He has over 33 years of experience in administration and has held various positions as Assistant Director, Regional Deputy Director to Joint Director in Sericulture Department.

**Deva Kumar**, aged 34 years, is the Independent Director of our Company. He is a qualified Cost Accountant with more than 14 years of experience in the field of finance and costing including but not limited to the Financial Planning, Budgeting, Leadership, Cash flow projection, Accounts reconciliation, Accounts Payable/Receivable, Project finance, Treasury operations and audit. He has worked with various organizations and has achieved huge cost savings.

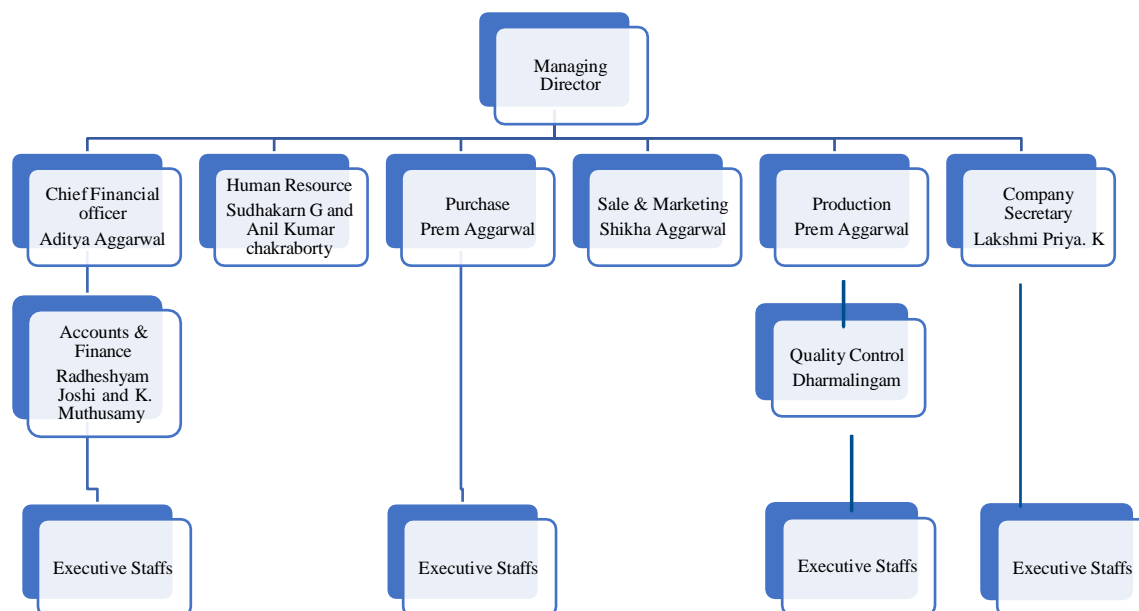
**Confirmations**

1. None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Draft Letter of Offer with the Stock Exchange, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.
2. Further, 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 Draft Letter of Offer with the Stock Exchange.

**Management Organization Structure**

Set forth is the organization structure of our Company:

**ORGANSIATION CHART**



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

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

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

## Committees of our Board

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

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

Details of each of these committees are as follows:

### (a) Audit Committee

The Audit Committee was re-constituted by a resolution of our Board dated November 10, 2023. It is in compliance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The current constitution of the Audit committee is as follows:

Name of Director	Position in the Committee	Designation
Deva Kumar	Chairperson	Non-Executive & Independent Director
Shikha Aggarwal	Member	Executive Director
Subramanian Thirumurugan	Member	Non-Executive & Independent Director
Thangamuthu Muthiah	Member	Non-Executive & Independent Director

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

#### A. Role and Powers of Audit Committee

The Role of Audit Committee together with its powers shall be as under:

- (1) Overseeing the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
- (3) Approving payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) Approving initial or any subsequent modification of transactions of the company with related parties;
- (5) Scrutinizing inter-corporate loans and investments;
- (6) Valuation of undertakings or assets of the company, wherever it is necessary;
- (7) Monitoring the end use of funds raised through public offers and related matters;
- (8) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in report in terms of clause (c) of sub-section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices along with reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions; and
  - g) Qualifications in the audit report.
- (9) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (10) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (11) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (12) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (13) Discussing with the internal auditors any significant findings and follow up there on;
- (14) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (15) Discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (16) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (17) Reviewing the functioning of the Whistle Blower mechanism, in case the same is existing;
- (18) Approving the appointment of the Chief Financial Officer (i.e. the whole-time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and
- (19) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

The Audit Committee shall mandatorily review the following information:

1. management discussion and analysis of financial condition and results of operations;
2. statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
3. management letters / letters of internal control weaknesses issued by the statutory auditors;
4. internal audit reports relating to internal control weaknesses; and
5. the appointment, removal and terms of remuneration of the chief internal auditor.

The Company Secretary of our Company shall serve as the secretary of the Audit Committee.

The Audit Committee is required to meet at least four times in a year under Regulation 18(2)(a) of the SEBI Listing Regulations. The quorum for a meeting of the Audit Committee shall be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors. The committee shall meet at least four times in a year and not more than four months shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting. Meeting of the Audit Committee shall be called by at least seven days' notice in advance.

#### **(b) Nomination and Remuneration Committee**

The Nomination and Remuneration committee was re-constituted by a resolution of our Board dated November 10, 2023. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The current constitution of the Nomination and Remuneration Committee is as follows:

<b>Name of Director</b>	<b>Position in the Committee</b>	<b>Designation</b>
Subramanian Thirumurugan	Chairperson	Non-Executive & Independent Director
Thangamuthu Muthiah	Member	Non-Executive & Independent Director
Deva Kumar	Member	Non-Executive & Independent Director

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013, read with Regulation 19 of the SEBI Listing Regulations. Its terms of reference are as follows:

- (1) Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the Criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- (2) Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the board a policy relating to the remuneration for directors, KMPs and other employees.
- (3) Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights.
- (4) Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
- (5) Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
- (6) Decide the amount of Commission payable to the Whole time Directors;
- (7) Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
- (8) To formulate and administer the Employee Stock Option Scheme

The Nomination and Remuneration Committee is required to meet at least once in a year under Regulation 19(3A) of the SEBI Listing Regulations.

The quorum for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director. The committee shall meet as and when the need arise for review of Managerial Remuneration. Meeting shall be called by at least seven days' notice in advance.

**(c) Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee was re-constituted by a resolution of our Board dated November 10, 2023. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The current constitution of the Stakeholders' Relationship Committee is as follows:

<b>Name of Director</b>	<b>Position in the Committee</b>	<b>Designation</b>
Subramanian Thirumurugan	Chairperson	Non-Executive & Independent Director
Prem Aggarwal	Member	Executive Director
Deva Kumar	Member	Non-Executive & Independent Director

The scope and function of the Stakeholders' Relationship Committee is in accordance with Regulation 20 of the SEBI Listing Regulations. Its terms of reference are as follows:

- (1) resolving the grievances of the security holders of the listed entity including complaints related to transfer of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer/transmission of shares and debentures, non-receipt of annual report or balance sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
- (2) review of measures taken for effective exercise of voting rights by shareholders;
- (3) investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities
- (4) giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time
- (5) review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
- (6) review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company;
- (7) to approve allotment of shares, debentures or any other securities as per the authority conferred / to be conferred to the Committee by the Board of Directors from time to time;

- (8) to approve requests for transfer, transposition, deletion, consolidation, sub-division, change of name, dematerialization, rematerialisation etc. of shares, debentures and other securities;
- (9) to monitor and expedite the status and process of dematerialization and rematerialisation of shares, debentures and other securities of the Company;
- (10) carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority; and
- (11) such terms of reference as may be prescribed under the Companies Act and SEBI Listing Regulations.

The Stakeholders' Relationship Committee is required to meet at least once in a year under Regulation 20(3A) of the SEBI Listing Regulations.

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

### **Our Key Managerial Personnel**

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

**Aditya Aggarwal**, aged 27 years, is the Chief Financial Officer of our Company. He was appointed as the Chief Financial Officer of our company w.e.f. July 28, 2020 and working in this capacity till date. He plays a leading strategic role in influencing the future direction of our Company. He is responsible for aligning business and finance strategy towards the growth vision of the Company. He supports the senior stakeholders on all business reviews and manages the budgeting, forecasting and long-term planning process. He analyses and interprets financial data and presents the information to the Board. He oversees the accounts of the Company and has set up internal and external audits to ensure the accuracy of information.

**Lakshmi Priya K.**, aged 38 years, is the Company Secretary and Compliance Officer of our Company. She is an Associate member of the Institute of Company Secretaries of India. She has been associated with our Company since March 26, 2016.

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

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

### **Our Senior Managerial Personnel**

**K. Muthusamy**, aged 44 years, is Accounts Executive of our Company. He holds bachelor's degree in commerce from Gobi Arts & Science College, Gobichettipalayam. In the past he was associated with Madras Road Lines, Erode in the capacity of Accountant and Office In charge; Geena Garments, Tirupur in the capacity of Accountant and Sales Tax Works; Guru Road Lines, Erode in the capacity of Accounts Manager and Administration; Sree DRG Vinyls Industries, Sipcot, Perundurai in the capacity of Accounts Manager and M.D.P. Trading, Tirupur in the capacity of Accounts Manager. He has been associated with our Company since December 01, 2023. During Fiscal 2024, he has drawn a salary of ₹ 1.05 Lakhs.

**Anil Kumar Chakraborty**, aged 61 years, is Senior Accountant of our Company. He did his graduation in commerce from University of Calcutta. He also completed ICWA- Group II. In the past he was associated with M/s. Rupa & Company Limited, Tirupur in the capacity of Manager Accounts; M/s. Raghav Industries Limited, Erode in the capacity of Cost Accountant; M/s Patodia Exports, Tirupur in the capacity of Accountant (Branch) and M/s Delta India, Tirupur in the capacity of Accountant (Branch). He has been associated with our Company since March 11, 2024. He has drawn a monthly professional fee of ₹ 0.70 Lakhs.

**Radheshyam Joshi**, aged 38 years, is Accounts Executive of our Company. He holds bachelor's degree from Maharishi Dayanand Saraswati University, Ajmer Rajasthan and Advance Diploma in Computer Applications (ADCA), Computer Accountancy (2-year Full Time Course) from IICE (Indian Institute of Computer Education, Jayal Nagour. In the past he was associated with Manjushree Technopack Limited, Bangalore and Pantnagar, Uttarakhand in the capacity of Accounts Executive and Supreme industries limited, Pune and Hosur plant in the capacity of Sr. Accountant. He has been associated with our Company since December 21, 2021. During Fiscal 2024, he has drawn a salary of ₹ 4.80 Lakhs.



**Sudhakaran G**, aged 33 years, is in Human Resource division of our Company. He holds bachelor's degree in computer application from Terf's Academy of Arts and Science College, Tirupur. In the past he was associated with Eastman Exports, Tirupur in the capacity of HR Executive. He has been associated with our Company since December 08, 2015. He has drawn a monthly salary of ₹ 0.35 Lakhs during current year.

All our Senior Management are permanent employees of our Company.

None of our Senior Management are entitled to receive any termination or retirement benefits.

**Relationship of Key Managerial Personnel and Senior Management with other Key Managerial Personnel and Senior Management**

Aditya Aggarwal is son of our Promoters Prem Aggarwal and Shikha Aggarwal, Prem Aggarwal is spouse of Shikha Aggarwal. Except as mentioned above, none of the Directors, Key Managerial Personnel and Senior Management are related to each other.

## OUR PROMOTERS

Our Promoters are Prem Aggarwal and Shikha Aggarwal.

\*The details of the shareholding of our Promoters, as on date of this Draft Letter of Offer, have been provided below:

S. No.	Name of the Promoter	Number of Equity Shares held	% of the total number of shares
1.	Prem Aggarwal	5,51,99,192	27.49
2.	Shikha Aggarwal	46,24,086	2.30
<b>Total</b>		<b>5,98,23,278</b>	<b>29.79</b>

Our Company confirms that the permanent account number(s), bank account number(s) and passport number(s) of our Promoters shall be submitted to the Stock Exchanges at the time of filing this Draft Letter of Offer.

### *Details of our Promoters*

**Prem Aggarwal**, aged 60 years is one of the Promoters of our Company. He has 34 years of experience in textile sector. He has overall experience of 34 Years in the various business activities ranging from manufacturing, fabrication, knitting, distribution dyeing and printing of garment products.

**Shikha Aggarwal**, aged 59 years is one of the Promoters of our Company. She has 23 years of experience in the garment industry particularly in reading the requirement of the domestic market and carrying the business of readymade garments with various technical matters thereto.

### *Other Directorships:*

The details of the directorships held by Prem Aggarwal and Shikha Aggarwal have been provided below:

S. No.	Name of the Company	Interest held
1.	Hylex Fashion Private Limited (Formerly known as Jannat Fabrics and Apparels Private Limited)	Directorship of both Prem Aggarwal and Shikha Aggarwal
3.	Nature And Nurture Agro Homes Private Limited	Directorship of Prem Aggarwal
4.	Twenty Twenty Trading LLP	Partner both Prem Aggarwal and Shikha Aggarwal

For details of the educational qualifications, experience, other directorships, positions / posts held by Prem Aggarwal and Shikha Aggarwal, please see the chapter titled “*Our Management*” on page 97 of this Draft Letter of Offer.

### **Confirmations**

- Our Promoters have not been declared as wilful defaulters or fraudulent borrowers by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.
- Our Promoters have not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.
- Our Promoters have not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters are not and have never been promoter(s), director(s) or person(s) in control of any other company, which

- is/are debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.
4. Except as stated in the chapter titled “*Legal and Other Information*” on page 123 there are no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoters.

## **RELATED PARTY TRANSACTIONS**

For details regarding our related party transactions for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, see “*Financial Statements – Restated Financial Statements – Notes to Restated Financial Statements – Note 41*” on page 110 of this Draft Letter of Offer.

## **DIVIDEND POLICY**

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. In accordance with Regulation 43A of the SEBI Listing Regulations, our Company is not mandated to adopted a dividend distribution policy.

### *Dividends paid on Equity Shares:*

Our Company has not declared dividends on the Equity Shares in each of the Financial Years ending March 31, 2022, March 31, 2023 and March 31, 2024 and the period between April 01, 2024 and the filing of the DLOF. There is no guarantee that any dividends will be declared or paid in future. For details in relation to the risk involved, see “*Risk Factor No.29*” on page 33 of this Draft Letter of Offer.

**SECTION VI – FINANCIAL INFORMATION**

<b>S. No.</b>	<b>Details</b>	<b>Page No.</b>
1.	Restated Financial Statements as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022.	F1-F46

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**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION**

The Members of  
**M/S GARMENT MANTRA LIFESTYLE LIMITED**

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Garment Mantra Lifestyle Limited (the "Company" or the "Issuer") comprising the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Consolidated Statements of Profit and Loss (including other comprehensive income), the Restated Consolidated Statements of Cash Flows for the years, the Restated Consolidated Statements of Changes in Equity ended March 31, 2024, March 31, 2023 and March 31, 2022, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information", as approved by the Right Issue Committee of the Company at their meeting held on September 30, 2024 for the purpose of inclusion in the Draft Letter of Offer and the Letter of Offer (collectively, the "Offer Documents") prepared by the Company in connection with its proposed Right Issue of Equity Shares prepared in terms of the requirements of:
  - a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Act");
  - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
  - c) The Guidance Note on Reports in Company Prospectuses (as amended) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note").

**Management's Responsibility for the Restated Financial Statements**

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Statement for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India (SEBI), Registrar of Companies (Coimbatore, Tamil Nadu), in connection with the proposed Right Issue.
3. The Restated Financial Statement have been prepared by the Management of the Company on the basis of preparation stated in Annexure V to the Restated Financial Statement. The respective Board of Directors of the companies are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the respective restated financial information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations, and the Guidance Note.

**Auditors' Responsibilities**

4. We have examined such Restated Financial Information taking into consideration:
  - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter with the proposed Right Issue of equity shares of the Company;
  - b) The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
  - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Statements; and
  - d) The requirements of Section 26 of the Act and the ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Right Issue.

5. These Restated Financial Statement have been compiled by the management from:

- a) Audit of the Financial Statement of the Company for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 have been prepared by the Company in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India and as approved by board of the Company and Audited by us N B T and Co vide their Audit Report dated May 28, 2024, May 25, 2023 and May 30, 2022 respectively.
6. For the purpose of our examination, we have relied on:
  - a) Auditors' Report issued by N B T and Co on May 28, 2024, May 25, 2023 and May 30, 2022, for the financial year ended March 31, 2024, March 31, 2023 and March 31, 2022 respectively as referred in Paragraph 4(a) above;
7. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the us for the respective years, we report that the Restated Financial Information:
  - a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2024, 2023 and 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications; and
  - b) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
9. The Restated Financial Statement do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in paragraph 7 above.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the Proposed Right issue of Equity Shares of the Company. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For N B T and Co**

Chartered Accountants

Firm Registration Number: 140489W

Sd/-

Ashutosh Biyani

Partner

M.No. 165017

Place: Mumbai

Date: September 30, 2024

UDIN: 24165017BKCYSX7523



**Garment Mantra Lifetsyle Limited**  
(Formerly known as Junction Fabrics and Apparels Limited)  
CIN : L18101TZ2011PLC017586

**Annexure I- Restated Consolidated Statement of Assets and Liabilities**  
(Amount in INR lakhs, unless otherwise stated)

Particulars	Note Nos.	As at		As at
		31 March 2024	31 March 2023	31 March 2022
<b>Assets</b>				
<b>A. Non Current Assets</b>				
(a) Property, plant and equipment	1	564.82	613.61	604.02
(b) Goodwill	2	78.25	78.25	78.25
(c) Other intangible assets	3	0.00	3.11	4.91
(d) Financial assets				
(i) Investments	4	67.65	66.59	66.59
(ii) Loans	5	75.30	70.44	79.65
(iii) Other non-current financial assets	6	0.17	10.17	25.78
(e) Deferred tax assets (net)	7	22.68	21.80	23.66
<b>Total (A)</b>		<b>808.87</b>	<b>863.96</b>	<b>882.85</b>
<b>B. Current Assets</b>				
(a) Inventories	8	5,873.39	4,535.37	5,320.60
(b) Financial assets				
(ii) Trade receivables	9	4,053.88	4,349.52	3,183.75
(ii) Cash and cash equivalents	10	3,579.65	33.09	265.54
(iii) Loans	11	511.86	25.73	304.13
(c) Other current assets	12	84.82	162.02	155.35
<b>Total (B)</b>		<b>14,103.59</b>	<b>9,105.72</b>	<b>9,229.37</b>
<b>Total Assets (A+B)</b>		<b>14,912.46</b>	<b>9,969.69</b>	<b>10,112.21</b>
<b>Equity and Liabilities</b>				
<b>A. Equity</b>				
(a) Equity share capital	13	1,003.84	1,003.84	1,003.84
(b) Other equity	14	2,717.86	2,454.46	2,428.99
(c) Non-controlling interests	15	(3.73)	44.81	161.00
<b>Total (A)</b>		<b>3,717.98</b>	<b>3,503.11</b>	<b>3,593.83</b>
<b>Liabilities</b>				
<b>B. Non-Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	16A	755.72	488.28	818.50
(b) Provisions	17	12.93	25.57	38.84
<b>Total (B)</b>		<b>768.65</b>	<b>513.85</b>	<b>857.33</b>
<b>C. Current Liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	16B	7,043.92	3,605.20	3,545.96
(ii) Trade payables	18			
(a) total outstanding dues of micro enterprises and small enterprises; and		1,089.76	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		1,698.53	1,740.19	1,891.88
(b) Other current liabilities	19	450.40	516.97	50.70
(c) Provisions	20	57.02	43.42	102.03
(d) Current tax liabilities (net)	21	86.22	46.95	70.48
<b>Total (C)</b>		<b>10,425.85</b>	<b>5,952.73</b>	<b>5,661.06</b>
<b>Total Equity and Liabilities (A+B+C)</b>		<b>14,912.46</b>	<b>9,969.69</b>	<b>10,112.21</b>

The above statement should be read with Basis of Preparation, Significant Accounting Policies appearing in Annexure V, and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

This is the Restated Consolidated Statement of Assets and Liabilities referred to in our report of even date.

**For N B T and Co**  
Chartered Accountants  
Firm Registration Number: 140489W

Sd/-  
Ashutosh Biyani  
Partner  
M. No.: 165017  
Place: Mumbai  
Date: September 30, 2024

**For Garment Mantra Lifetsyle Limited**

Sd/-  
Prem Aggarwal  
Managing Director  
DIN: 02050297

Sd/-  
Aditya Aggarwal  
CFO  
PAN: BQJPA0155L

Sd/-  
Shikha Aggarwal  
Whole Time Director  
DIN: 03373965

Sd/-  
K. Lakshmi Priya  
Company Secretary  
PAN:BBRPP6162M

**Garment Mantra Lifetsyle Limited**  
(Formerly known as Junction Fabrics and Apparels Limited)  
CIN : L18101TZ2011PLC017586

**Annexure II- Restated Consolidated Statement of Profit and Loss**  
(Amount in INR lakhs, unless otherwise stated)

Particulars	Note Nos.	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A Income</b>				
(a) Revenue from operations	22	16,413.01	17,197.43	20,389.88
(b) Other income	23	15.44	26.60	21.57
<b>Total income (A)</b>		16,428.45	17,224.03	20,411.45
<b>B Expenditure</b>				
(a) Cost of raw material consumed	24	16,116.23	14,331.08	17,016.11
(b) Purchases of stock-in-trade	25	-	169.35	1,273.74
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	26	(1,303.58)	886.79	8.60
(d) Employee benefit expenses	27	226.48	293.11	312.65
(e) Finance cost	28	416.30	377.01	357.58
(f) Depreciation & amortization expense	29	78.14	89.19	96.42
(g) Other expenses	30	560.36	914.60	890.36
<b>Total expenses (B)</b>		16,093.94	17,061.13	19,955.46
<b>C Profit/(Loss) before exceptional items and tax (A-B)</b>		334.51	162.90	455.99
<b>D Exceptional items</b>		0.97	0.34	0.07
<b>E Profit/(Loss) before tax (C-D)</b>		<b>335.48</b>	<b>163.24</b>	<b>456.06</b>
<b>F Tax expense:</b>	32			
(a) Tax expense for current year		86.22	46.95	92.08
(b) Short/(Excess) provision of earlier year		0.98	25.11	9.12
(c) Deferred tax		0.88	(1.11)	(3.62)
<b>Net current tax expenses</b>		<b>88.08</b>	<b>70.95</b>	<b>97.58</b>
<b>G Profit/(Loss) for the period from continuing operations</b>		<b>247.40</b>	<b>92.29</b>	<b>358.48</b>
<b>H Other comprehensive income</b>				
(i) Items that will not be reclassified to profit or loss		12.34	1.98	28.41
<b>Total comprehensive income for the period (G+H)</b>		<b>259.75</b>	<b>94.27</b>	<b>386.89</b>
<b>Attributable to:</b>				
- Owners of the parent		263.51	91.70	328.79
- Non-controlling interest		(3.76)	2.57	58.10
- Pre acquisition profits		-	-	-
<b>Earnings per share [nominal value of INR 1 per share and INR 10 per share for FY 2021-22]</b>	33			
- Basic		0.26	0.09	0.39
- Diluted		0.26	0.09	0.39

The above statement should be read with Basis of Preparation, Significant Accounting Policies appearing in Annexure V, and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

This is the Restated Consolidated Statement of Profit and Loss referred to in our report of even date.

**For N B T and Co**  
Chartered Accountants  
Firm Registration Number: 140489W

Sd/-  
Ashutosh Biyani  
Partner  
M. No.: 165017  
Place: Mumbai  
Date: September 30, 2024

For Garment Mantra Lifetsyle Limited

Sd/-  
Prem Aggarwal  
Managing Director  
DIN: 02050297

Sd/-  
Aditya Aggarwal  
CFO  
PAN: BQJPA0155L

Sd/-  
Shikha Aggarwal  
Whole Time Director  
DIN: 03373965

Sd/-  
K. Lakshmi Priya  
Company Secretary  
PAN:BBRPP6162M

**Garment Mantra Lifetsyle Limited**  
(Formerly known as Junction Fabrics and Apparels Limited)  
CIN : L18101TZ2011PLC017586

**Annexure III- Restated Consolidated Statement of Cash Flows**  
(Amount in INR lakhs, unless otherwise stated)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A) Cash flow from operating activities :</b>			
Net Profit before tax	335.48	163.24	456.06
Adjustment for :			
Depreciation	78.14	89.19	96.42
Gratuity expense	11.96	7.82	16.32
Provision for Impairment Loss on Debtors	19.44	-	-
Finance cost	416.30	377.01	357.58
Operating profit before working capital changes	861.32	637.27	926.38
<b>Changes in Working Capital</b>			
(Increase)/Decrease in inventories	(1,338.02)	785.23	(369.04)
(Increase)/Decrease in trade receivables	276.20	(1,165.77)	111.86
(Increase)/Decrease in other current assets	77.20	(6.67)	(34.45)
(Increase)/Decrease in non current financial assets	10.00	15.61	(25.14)
Increase/(Decrease) in trade payables	1,048.09	(151.69)	(137.05)
Increase/(Decrease) in other current liabilities	(66.57)	466.27	(3.20)
Increase/(Decrease) in provisions	40.56	(82.48)	(189.80)
<b>Cash generated from operations before tax and exceptional item</b>	<b>908.79</b>	<b>497.78</b>	<b>279.57</b>
Income tax paid (net)	(87.19)	(72.06)	(92.08)
<b>Cash flow before exceptional item</b>	<b>821.59</b>	<b>425.72</b>	<b>187.49</b>
Exceptional items	0.97	0.34	0.07
<b>Net cash flow from operating activities</b>	<b>822.56</b>	<b>426.06</b>	<b>187.56</b>
<b>B) Cash Flow From Investing Activities :</b>			
Purchase/Sale of property, plant and equipment	(25.28)	(97.24)	(134.03)
Payment / Change in minority interest	(48.54)	-	-
Purchase of intangible assets	-	-	(1.50)
(Increase)/Decrease in investments	(1.06)	-	(13.74)
(Increase)/Decrease in short term loans & advances	(486.13)	90.79	(104.87)
(Increase)/Decrease in long term loans & advances	(4.86)	9.21	51.71
<b>Net cash flow from investing activities</b>	<b>(565.87)</b>	<b>2.76</b>	<b>(202.43)</b>
<b>C) Cash Flow From Financing Activities :</b>			
Issue of shares	-	-	-
Increase/(Decrease) in short term borrowings	3,438.72	59.24	641.42
Increase/(Decrease) in long term borrowings	267.44	(330.22)	(142.11)
Increase/(Decrease) in other non current liabilities	-	(13.27)	-
Interest Paid	(416.30)	(377.01)	(357.58)
<b>Net cash flow from financing activities</b>	<b>3,289.86</b>	<b>(661.26)</b>	<b>141.73</b>
Net Increase/(Decrease) In Cash & Cash equivalents	3,546.55	(232.45)	126.86
Cash equivalents at the beginning of the year	33.09	265.54	138.67
Cash equivalents at the end of the year	3,579.64	33.09	265.54

**Notes :-**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
1 Component of Cash and Cash equivalents			
Cash on hand	14.83	10.24	15.46
Balances with banks			
- In Current Accounts	3,564.82	22.85	250.07

2.01 The above cash flow statement has been prepared under the indirect method set out in the applicable Indian Accounting Standard (Ind AS) 7 on "Statement of Cash Flows".

2.02 The above statement should be read with Basis of Preparation, Significant Accounting Policies appearing in Annexure V, and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

2.03 This is the Restated Consolidated Statement of Cash Flow referred to in our report of even date.

**For N B T and Co**  
Chartered Accountants  
Firm Registration Number: 140489W

**For Garment Mantra Lifetsyle Limited**

Sd/-  
Ashutosh Biyani  
Partner  
M. No.: 165017  
Place: Mumbai  
Date: September 30, 2024

Sd/-  
Prem Aggarwal  
Managing Director  
DIN: 02050297

Sd/-  
Shikha Aggarwal  
Whole Time Director  
DIN: 03373965

Sd/-  
Aditya Aggarwal  
CFO  
PAN: BQJPA0155L

Sd/-  
K. Lakshmi Priya  
Company Secretary  
PAN: BBRPP6162M

(A) Equity share capital

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Balance as per beginning of current reporting period	100,384,050	10,038.41	10,038,405	1,003.84	10,038,405	1,003.84
Changes in equity share capital due to prior period errors	-	-	-	-	-	-
<b>Restated balance at the beginning of the period</b>	<b>100,384,050</b>	<b>10,038.41</b>	<b>10,038,405</b>	<b>1,003.84</b>	<b>10,038,405</b>	<b>1,003.84</b>
Changes in equity share capital during the current year	-	-	90,345,645	-	-	-
<b>Balance as per end of current reporting period</b>	<b>100,384,050</b>	<b>10,038.41</b>	<b>100,384,050</b>	<b>1,003.84</b>	<b>10,038,405</b>	<b>1,003.84</b>

(B) Other equity

Particulars	Reserves and Surplus		Equity instruments through Other Comprehensive Income	Total
	Securities Premium Reserve	Retained Earnings		
<b>Balance as at 31 March 2021</b>	<b>1,260.00</b>	<b>861.56</b>	<b>(21.37)</b>	<b>2,100.20</b>
<i>Changes during the year</i>				
Profit for the year	-	300.38	-	300.38
Other comprehensive (loss) (net of tax) for the year	-	28.41	-	28.41
<b>Balance as at 31 March 2022</b>	<b>1,260.00</b>	<b>1,190.36</b>	<b>(21.37)</b>	<b>2,428.99</b>
<b>Balance as at 31 March 2022</b>	<b>1,260.00</b>	<b>1,190.36</b>	<b>(21.37)</b>	<b>2,428.99</b>
<i>Changes during the year</i>				
Profit for the year	-	89.72	-	89.72
Excess amount paid on acquisition	-	(66.23)	-	(66.23)
Other comprehensive (loss) (net of tax) for the year	-	1.98	-	1.98
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>25.47</b>	<b>-</b>	<b>2,454.46</b>
<b>Balance as at 31 March 2023</b>	<b>-</b>	<b>25.47</b>	<b>-</b>	<b>2,454.46</b>
<i>Changes during the year</i>				
Profit for the year	-	251.16	-	251.16
Excess amount paid on acquisition	-	(0.11)	-	(0.11)
Other comprehensive (loss) (net of tax) for the year	-	12.34	-	12.34
<b>Balance as at 31 March 2024</b>	<b>-</b>	<b>263.40</b>	<b>-</b>	<b>2,717.86</b>

The above statement should be read with Basis of Preparation, Significant Accounting Policies appearing in Annexure V, and Notes to Restated Consolidated Financial Information appearing in Annexure VI.

This is the Restated Statement of Changes in Equity referred to in our report of even date.

For N B T and Co  
Chartered Accountants  
Firm Registration Number: 140489W

Sd/-  
Ashutosh Biyani  
Partner  
M. No.: 165017  
Place: Mumbai  
Date: September 30, 2024

For Garment Mantra Lifetsyle Limited

Sd/-  
Prem Aggarwal  
Managing Director  
DIN: 02050297

Sd/-  
Shikha Aggarwal  
Whole Time Director  
DIN: 03373965

Sd/-  
Aditya Aggarwal  
CFO  
PAN: BQJPA0155L

Sd/-  
K. Lakshmi Priya  
Company Secretary  
PAN:BBRPP6162M

## **Note V- Significant Accounting Policies**

### **Company Background**

Garment Mantra Lifestyle Limited formerly known as Junction Fabrics and Apparels Limited (the 'Company') is a listed public limited Company incorporated under the Indian Companies Act 1956. The Company is engaged in the business of manufacturing, selling and distribution of fabrics, hosiery garments and providing of related services.

The registered office of the Company is located at No.15, Murthy's Plaza Kariagounder Street, Khaderpet Tirupur Erode, Tamil nadu – 641601, India.

### **Significant Accounting Policies**

#### **1. Basis of preparation of Consolidated Financial Information**

##### **(a) Basis of Accounting:**

- a) The Restated Consolidated Statement of Assets and Liabilities of the Company as on March 31, 2024, March 31, 2023 and March 31, 2022, and the Restated Consolidated Statement of Profit and Loss and Restated Consolidated Statements of Cash Flows for the year ended on March 31, 2024, March 31, 2023 and March 31, 2022 and the annexure thereto (collectively, the "Restated Financial Information" have been extracted by the management from the Audited Financial Statements of the Company for the year ended March 31, 2024, March 31, 2023 and March 31, 2022.
- b) The financial statements which comprise the Balance sheet, the Statement of Profit and Loss, the Cash flow statement and the Statement of changes in Equity ("Financial Statements") have been prepared in accordance with Indian Accounting Standards (Ind ASs) notified under Section 133 of the Companies Act, 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company has consistently applied accounting policies to all periods.
- c) The Restated Consolidated Financial Information have been prepared and presented under the historical cost convention except for following assets and liabilities which have been measured at fair value;
  1. Certain Financial Assets and Liabilities (including derivative instruments),
  2. Defined Benefit Plans
- d) The Consolidated Financial Information are prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('Indian GAAP') and comply with the Indian Accounting standards ('Ind AS'), including the rules notified under the relevant provisions of the Companies Act, 2013, amended from time to time.
- e) The Company's Consolidated Financial Information are presented in Indian Rupees, which is also its functional currency and all values are rounded to the nearest rupee except when otherwise indicated.

##### **(b) Use of Estimates:**

In the application of accounting policy, the management is required to make judgment, estimates and assumptions about the carrying amount of assets and liabilities, income and expenses, contingent liabilities and the accompanying disclosures that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant and are prudent and reasonable. Actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The few critical estimations and judgments made in applying accounting policies are:

- i. Property, Plant and Equipment:

Useful life of Property, Plant and Equipment and Intangible Assets are as specified in Specified in Schedule II to the Companies Act, 2013.

ii. Income Taxes:

Significant judgment is required in determining the amount for income tax expenses. There are many transactions and positions for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amount that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii. Inventories:

Inventory Obsolescence is based on assessment of the future uses. In all cases, inventory is carried at the lower of cost and net realizable value.

iv. Impairment of Non-Financial Assets:

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An assets recoverable amount is higher of assets or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other asset or group of assets. Where carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered as impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flow are discounted to their present value using pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

v. Impairment of Financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(c) Current/Non-Current Classification:**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

A. An assets treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within 12 months after a reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after a reporting period.

All other assets are classified as non-current.

B. Liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within 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.

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

## 2. Property, Plant and Equipment

The Company has elected to continue with the carrying value of property, Plant and Equipment ('PPE') recognized as of 1st April 2019 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost of the PPE as on the transition date.

Property, Plant and Equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost include purchase price after deducting trade discount / rebate, import duty, non-refundable taxes, cost of replacing the component parts, borrowing cost and other directly attributable cost of bringing the asset to its working condition in the manner intended by the management.

An item of PPE is derecognized on disposal or when no future economic benefits are expected from use or disposal. Any gain or loss arising on de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss when asset is de-recognized.

The depreciable amount of an asset is determined after deducting its residual value. Where the residual value of an asset increases to an amount equal to or greater than the asset's carrying amount, no depreciation charge is recognized till the asset's residual value decreases below the asset's carrying amount. Depreciation of an asset begins when it is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the intended manner. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with Ind AS 105 and the date that the asset is derecognized.

Depreciation is charged so as to allocate the cost of assets less their residual values, if any, over their estimated useful lives, using the written down value method except intangible assets. Depreciation on intangible assets is provided on straight line basis. The following useful lives are considered for the depreciation of property, plant and equipment:

Description of the Asset	Estimated Useful Life
Furniture & fixtures	10 Years
Buildings	60 Years
Office Equipment	5 Years
Air Conditioner	10 Years
Electricity Fittings	10 Years

If there is an indication that there has been a significant change in useful life or residual value of an asset, the depreciation of that asset is revised accordingly to reflect the new expectations.

The residual values, useful lives and methods of depreciation of properties, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### Investment properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

On disposal of an investment property, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

Intangible assets under development:

The amount disclosed as 'Intangible asset under development' represents assets purchased/acquired and not available for use, as at the date of Statement of Financial Position.

An item of Intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any profit or loss arising from de-recognition of an intangible asset measured as the difference between the net disposals proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognized.

#### **Impairment of Tangible (PPE) and Intangible Assets:**

At each reporting date, property, plant and equipment and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets where it is not possible to estimate the recoverable amount of an individual asset), is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognized immediately in Statement of Profit and Loss.

Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior years. A reversal of an impairment loss is recognized immediately in Statement of Profit and Loss.

### **3. Revenue Recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before the revenue is recognized.

#### **Sale of Goods:**

Revenue from the sale of goods is recognized when the significant risk and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Sale is recognized when no significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### **Dividend Income:**

Dividend is recognized when right to receive is established, which is generally when shareholders approve the dividend.

#### **Interest Income:**

Interest income on financial assets measured at amortized cost is recognized on time proportion basis, using effective interest method.

### **4. Lease Accounting**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is (or contains) a lease, if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.



Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased items (i.e. PPE), are generally capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of minimum lease payments. Lease payments are apportioned between finance charges and a reduction in lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance cost in the Statement of Profit and Loss.

Lease in which significant portion of the risks and rewards of ownership are not transferred to the Company as lessee is classified as operating leases. Payments made under operating leases are charged to Statement of Profit and Loss over the period of lease on straight line basis other than those cases where the escalation are linked to expected general inflation in which case they are charged on contractual terms.

## **5. Inventory**

(a) Raw materials, work in progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis. Damaged, unserviceable and inert stocks are valued at net realizable value.

(b). In determining cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, weighted average cost methods used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

(c) Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, inappropriate share of fixed and variable production overheads, excise duty as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

## **6. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

### **Financial assets:**

A financial asset inter-alia includes any asset that is cash, equity instrument of another entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or financial liability in its balance sheet only when the entity becomes party to the contractual provisions of the instrument.

Financial assets of the Company comprise trade receivables. Cash and cash equivalents, bank balances, investment in equity shares of Companies, investment other than in equity shares, loans / advances to employees / related parties / others, security deposit, claims recoverable etc.

### **Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in Statement of Profit and Loss. When transaction price is not the measure of fair value and fair value is determined using a valuation method that uses data from observable market, the difference between transaction price and fair value is recognized in Statement of Profit and Loss and in other cases spread over life of the financial instrument using effective interest method.

### **Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in three categories:

- Financial asset measured at amortized cost

- Financial asset at fair value through OCI
- Financial assets at fair value through profit or loss

### **Financial assets measured at amortized cost**

Financial assets are measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding. These financial assets are amortized using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss in finance costs.

### **Financial assets at fair value through OCI (FVTOCI)**

Financial assets are measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. At initial recognition, an irrevocable election is made (on an instrument-by-instrument basis) to designate investments in equity instruments other than held for trading purpose at FVTOCI. Fair value changes are recognized in the other comprehensive income (OCI). On Derecognition of the financial asset other than equity instruments, cumulative gain or loss previously recognized in OCI is reclassified to income statements.

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

Any financial asset that does not meet the criteria for classification as at amortized cost or as financial assets at fair value through other comprehensive income, is classified as financial assets at fair value through profit or loss. Further, financial assets at fair value through profit or loss also include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value profit or loss are fair valued at each reporting date with all the changes recognized in the Statement of profit and loss.

### **De-recognition of financial assets**

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds receivables.

### **Impairment of financial assets**

The Company assesses impairment based on expected credit loss (ECL) model on the following:  
Financial assets that are measured at amortized cost.

Financial assets measured at fair value through other comprehensive income (FVTOCI)

ECL is measured through a loss allowance on a following basis:-

The 12 month expected credit losses (expected credit losses that result from all possible default events on the financial instruments that are possible within 12 months after the reporting date)

Full life time expected credit losses (expected credit losses that result from all possible default events over the life of financial instruments)

The company follows 'simplified approach' for recognition of impairment on trade receivables or contract assets resulting from normal business transactions. The application of simplified approach does not require the

Company to track changes in credit risk. However, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, from the date of initial recognition.

For recognition of impairment loss on other financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has increased significantly, lifetime ECL is provided. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

Impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the statement of profit and loss.

## **Financial liabilities and equity instruments:**

### **Classification as debt or equity**

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### **Financial liabilities**

The Company's financial liabilities include loans and borrowings including bank overdraft, trade payable, accrued expenses and other payables.

### **Initial Recognition and measurement**

All financial liabilities at initial recognition are classified as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognized in the Statement of Profit and Loss or in the "Expenditure Attributable to Construction" if another standard permits inclusion of such cost in the carrying amount of an asset over the period of the borrowings using the effective rate of interest.

### **Subsequent measurement**

Subsequent measurement of financial liabilities depends upon the classification as described below:-

#### **Financial Liabilities classified at Amortized Cost:**

Financial Liabilities that are not held for trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the Effective Interest Rate. Interest expense that is not capitalized as part of cost of assets is included as Finance costs in the Statement of Profit and Loss.

#### **Financial Liabilities at Fair value through profit and loss (FVTPL)**

FVTPL includes financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Financial liabilities have not been designated upon initial recognition at FVTPL.

## **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged/cancelled/expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

## **Offsetting of financial instruments**

Financial assets and liabilities are offset and net amount is reported if there is currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, to realize assets and settle the liabilities simultaneously.

## **7. Transactions in Foreign Currency**

### **(a) Initial recognition:**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

### **(b) Measurement of foreign currency items at the Balance Sheet date:**

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

### **(c) Forward exchange contracts:**

The Company had not entered into any forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company had not entered into any derivative instruments for trading or speculative purposes.

## **8. Trade receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value (at carrying value) and subsequently measured at amortised cost using the effective interest method, less provision for impairment if require.

## **9. Employee Benefits**

### **A. Short Term Employee Benefits:**

All employee benefits payable wholly within twelvemonths of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

### **B. Post-employment benefits:**

#### **(a) Defined contribution plans:**

Defined contribution plans are employee state insurance scheme and Government administered pension fund scheme for all applicable employees and superannuation scheme for eligible employees. The Company's contribution to defined contribution plans are recognized in the Statement of Profit and Loss in the financial year to which they relate.

(b) Defined benefit plans

Provident fund scheme

The Company makes specified monthly contributions towards Employee Provident Fund scheme, for the eligible employees.

(c) Gratuity scheme

The Company has created provision for gratuity based on the report issued by Actuaries.

## **10. Research and Development**

Research and Development expenditure of a revenue nature is expensed out under the respective heads of account in the year in which it is incurred. Fixed assets utilized for research and development are capitalized and depreciated in accordance with the policies stated for Tangible Fixed Assets and Intangible Assets.

## **11. Provision for Taxation**

Tax expense comprises of current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date to reassess realization.

## **12. Provisions and Contingencies**

The Company creates a provision when there exists a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

## **13. Earnings per Share**

The Basic and Diluted Earnings per Share ("EPS") is computed by dividing the profit after tax for the year by weighted average number of equity shares outstanding during the year.

## **14. Borrowing Cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized. All other borrowing costs are expensed in the period they occur.

## **15. Cash and Cash Equivalents**

Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short-term highly liquid investments where the original maturity is three months or less.

## **16. Government Grants and Subsidies**

The Company is not entitled to any subsidy from government authorities in respect of manufacturing units located in specified regions: Grants in the nature of subsidy which are nonrefundable are credited to the Statement of Profit and Loss, on accrual basis, where there is reasonable assurance that the Company will

comply with all the necessary conditions attached to them. Grants in the nature of subsidy which are refundable are shown as Liabilities in the Balance Sheet.

### **17. Measurement of EBITDA**

The Company has opted to present earnings before interest (finance cost), tax, depreciation and amortization (EBITDA) as a separate line item on the face of the Statement of Profit and Loss for the year. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations.

### **18. Segment Reporting**

#### **i) Business Segment**

- a. The business segment has been considered as the primary segment.
- b. The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organization structure and the internal financial reporting system.
- c. The Company's primary business comprises of manufacturing of knitted garments and trading of fabrics and since it is the only reportable segment as envisaged in Accounting Standard 17. 'Segment Reporting'. Accordingly, no separate disclosure for Segment Reporting to be made in the Consolidated Financial Information of the Company.

#### **ii) Geographical Segment**

A geographical segment is a distinguishable component of an enterprise that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments. The company provides products or services only through single establishment. Accordingly, no separate disclosure for Segment Reporting to be made in the Consolidated Financial Information of the Company.

Garment Mantra Lifestyle Limited (CIN : L18101TZ2011PLC017586)  
(Formerly known as Junction Fabrics and Apparels Limited)  
Annexure VI- Notes to Restated Consolidated Financial Information  
(Amount in INR lakhs, except for share data unless otherwise stated)

Note 1 Property, plant and equipment

PARTICULARS	Buildings	Furniture and fixtures	Plant and equipment	Vehicles	Computer	Miscellaneous assets	Office equipment	Total
<b>As at 31 March 2024</b>								
<b>Gross Carrying Amount</b>								
Opening gross carrying amount	601.74	311.46	217.66	119.17	44.18	1.29	6.97	1,302.47
Additions	-	47.54	22.52	0.45	15.16	-	-	85.67
Disposals/Adjustment	-	(57.82)	(11.49)	(0.80)	(6.90)	-	(7.36)	(84.37)
<b>Closing Gross Carrying Amount</b>	<b>601.74</b>	<b>301.18</b>	<b>228.68</b>	<b>118.82</b>	<b>52.43</b>	<b>1.29</b>	<b>(0.39)</b>	<b>1,303.76</b>
<b>Accumulated Depreciation</b>								
Opening accumulated depreciation	272.09	161.36	136.83	90.91	24.05	0.92	2.71	688.86
Depreciation charged during the year	19.67	12.35	28.26	9.29	6.38	0.06	1.24	77.26
Disposals/Adjustments	-	(13.19)	(2.46)	(0.36)	(5.91)	-	(5.26)	(27.18)
<b>Closing Accumulated Depreciation</b>	<b>291.76</b>	<b>160.52</b>	<b>162.63</b>	<b>99.84</b>	<b>24.51</b>	<b>0.97</b>	<b>(1.30)</b>	<b>738.94</b>
<b>Net Carrying Amount</b>	<b>309.98</b>	<b>140.66</b>	<b>66.05</b>	<b>18.98</b>	<b>27.92</b>	<b>0.32</b>	<b>0.91</b>	<b>564.82</b>

PARTICULARS	Buildings	Furniture and fixtures	Plant and equipment	Vehicles	Computer	Miscellaneous assets	Office equipment	Total
<b>As at 31 March 2023</b>								
<b>Gross Carrying Amount</b>								
Opening gross carrying amount	575.91	288.77	184.57	118.07	31.41	1.29	5.00	1,205.02
Additions	25.83	22.69	33.09	1.16	12.77	-	2.06	97.60
Disposals/Adjustment	-	-	-	(0.06)	-	-	(0.09)	(0.15)
<b>Closing Gross Carrying Amount</b>	<b>601.74</b>	<b>311.46</b>	<b>217.66</b>	<b>119.17</b>	<b>44.18</b>	<b>1.29</b>	<b>6.97</b>	<b>1,302.47</b>
<b>Accumulated Depreciation</b>								
Opening accumulated depreciation	239.39	134.77	127.24	79.32	18.61	0.92	0.76	601.00
Depreciation charged during the year	32.70	26.59	9.59	11.59	5.44	-	1.96	87.87
Disposals/Adjustments	-	-	-	-	-	-	(0.01)	(0.01)
<b>Closing Accumulated Depreciation</b>	<b>272.09</b>	<b>161.36</b>	<b>136.83</b>	<b>90.91</b>	<b>24.05</b>	<b>0.92</b>	<b>2.71</b>	<b>688.86</b>
<b>Net Carrying Amount</b>	<b>329.65</b>	<b>150.10</b>	<b>80.83</b>	<b>28.26</b>	<b>20.13</b>	<b>0.38</b>	<b>4.25</b>	<b>613.61</b>

PARTICULARS	Buildings	Furniture and fixtures	Plant and equipment	Vehicles	Computer	Miscellaneous assets	Office equipment	Total
<b>As at 31 March 2022</b>								
<b>Gross Carrying Amount</b>								
Opening gross carrying amount	510.40	234.10	179.28	122.27	27.31	1.11	5.00	1,079.45
Additions	65.51	54.67	5.29	5.33	4.10	0.19	-	135.09
Disposals/Adjustment	-	-	-	(9.53)	-	-	-	(9.53)
<b>Closing Gross Carrying Amount</b>	<b>575.91</b>	<b>288.77</b>	<b>184.57</b>	<b>118.07</b>	<b>31.41</b>	<b>1.29</b>	<b>5.00</b>	<b>1,205.02</b>
<b>Accumulated Depreciation</b>								
Opening accumulated depreciation	199.24	109.58	116.98	71.49	15.34	0.90	0.76	514.28
Depreciation charged during the year	40.14	25.19	10.26	16.29	3.27	0.02	-	95.18
Disposals/Adjustments	-	-	-	(8.46)	-	-	-	(8.46)
<b>Closing Accumulated Depreciation</b>	<b>239.39</b>	<b>134.77</b>	<b>127.24</b>	<b>79.32</b>	<b>18.61</b>	<b>0.92</b>	<b>0.76</b>	<b>601.00</b>
<b>Net Carrying Amount</b>	<b>336.53</b>	<b>154.00</b>	<b>57.33</b>	<b>38.75</b>	<b>12.80</b>	<b>0.38</b>	<b>4.24</b>	<b>604.02</b>

Note 2 Goodwill

Particulars	As at		As at
	31 March 2024	31 March 2023	31 March 2022
Goodwill	78.25	78.25	78.25
<b>Total</b>	<b>78.25</b>	<b>78.25</b>	<b>78.25</b>

Note 3 Intangible assets

PARTICULARS	Computer Software	Total
<i>As at 31 March 2024</i>		
<b>Gross Carrying Amount</b>		
Opening gross carrying amount	6.47	6.47
Additions	-	-
Disposals/Adjustment	(6.47)	(6.47)
<b>Closing Gross Carrying Amount</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Accumulated Depreciation</b>		
Opening accumulated depreciation	3.36	3.36
Depreciation charged during the year	0.88	0.88
Disposals/Adjustments	(4.24)	(4.24)
<b>Closing Accumulated Depreciation</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Net Carrying Amount</b>	<b>0.00</b>	<b>0.00</b>
<i>As at 31 March 2023</i>		
<b>Gross Carrying Amount</b>		
Opening gross carrying amount	7.23	7.23
Additions	-	-
Disposals/Adjustment	(0.76)	(0.76)
<b>Closing Gross Carrying Amount</b>	<b>6.47</b>	<b>6.47</b>
<b>Accumulated Depreciation</b>		
Opening accumulated depreciation	2.33	2.33
Depreciation charged during the year	1.32	1.32
Disposals/Adjustments	(0.29)	(0.29)
<b>Closing Accumulated Depreciation</b>	<b>3.36</b>	<b>3.36</b>
<b>Net Carrying Amount</b>	<b>3.11</b>	<b>3.11</b>
<i>As at 31 March 2022</i>		
<b>Gross Carrying Amount</b>		
Opening gross carrying amount	5.73	5.73
Additions	1.50	1.50
Disposals/Adjustment	-	-
<b>Closing Gross Carrying Amount</b>	<b>7.23</b>	<b>7.23</b>
<b>Accumulated Depreciation</b>		
Opening accumulated depreciation	1.09	1.09
Depreciation charged during the year	1.24	1.24
Disposals/Adjustments	-	-
<b>Closing Accumulated Depreciation</b>	<b>2.33</b>	<b>2.33</b>
<b>Net Carrying Amount</b>	<b>4.91</b>	<b>4.91</b>



**Garment Mantra Lifetsyle Limited (CIN : L18101TZ2011PLC017586)**  
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(Amount in INR lakhs, except for share data unless otherwise stated)

**Note 4 Investments**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Investments Measured at Fair Value Through OCI (FVTOCI)			
- Silver articles	14.80	13.74	13.74
Other investments ( <i>At cost</i> )			
- Netaji apparel park 3,550 (31 March 2023: 3,550, 31 March 2022: 3,550) equity shares of INR 10 each fully paid-up	52.85	52.85	52.85
<b>Total</b>	<b>67.65</b>	<b>66.59</b>	<b>66.59</b>
Aggregate amount of unquoted investments	67.65	66.59	66.59

**Note 5 Long-term loans and advances**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>			
Others	75.30	70.44	79.65
<b>Total</b>	<b>75.30</b>	<b>70.44</b>	<b>79.65</b>

**Note 6 Other non-current financial assets**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Security Deposits	0.17	10.17	25.78
<b>Total</b>	<b>0.17</b>	<b>10.17</b>	<b>25.78</b>

**Note 7 Deferred tax balances**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Deferred tax (asset)	(22.68)	(21.80)	(23.66)
Deferred tax liability		-	-
<b>Total (Net)</b>	<b>22.68</b>	<b>21.80</b>	<b>23.66</b>

**Note 8 Inventories**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<i>(At lower of cost and net realizable value)</i>			
Raw material	988.62	954.18	852.62
Work-in-progress	1,716.91	179.64	400.57
Finished goods	3,167.86	3,401.55	4,067.41
<b>Total</b>	<b>5,873.39</b>	<b>4,535.37</b>	<b>5,320.60</b>

**Note 9 Trade receivables**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Trade receivables			
- Others	3,660.05	4,349.52	3,183.63
- Related parties	413.17	-	0.12
Less: expected credit loss allowance	(19.35)	-	-
	<b>4,053.88</b>	<b>4,349.52</b>	<b>3,183.75</b>
<b>Further classified as:</b>			
Trade receivables considered good - unsecured	4,053.88	4,349.52	3,183.75
	<b>4,053.88</b>	<b>4,349.52</b>	<b>3,183.75</b>

*For Trade Receivables Ageing, refer Notes to Accounts- Note*

**Note 10 Cash and cash equivalents**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Cash on hand	14.83	10.24	15.46
Balances with banks			
- In Current Accounts	3,564.82	22.85	250.07
<b>Total</b>	<b>3,579.65</b>	<b>33.09</b>	<b>265.54</b>

**Note 11 Short-term loans and advances**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<i>Unsecured, considered good</i>			
Loans and advances to employees	19.43	-	-
Others	492.43	25.73	304.13
<b>Total</b>	<b>511.86</b>	<b>25.73</b>	<b>304.13</b>

**Note 12 Other current assets**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Prepaid expenses	1.63	3.91	-
Advance to supplies			
- Related party			
- Others	0.72	-	4.81
Deposits with revenue authorities	80.27	138.40	150.54
Others	2.19	19.71	-
<b>Total</b>	<b>84.82</b>	<b>162.02</b>	<b>155.35</b>

**Note 13 Share capital**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
<b>Authorised</b>			
Number of shares	110,000,000	110,000,000	11,000,000
Equity shares of Rs.10 each	-	-	1,100.00
Equity shares of Rs.1 each	1,100.00	1,100.00	-
<b>Issued</b>			
Number of shares	100,384,050	100,384,050	10,038,405
Equity shares of Rs.10 each fully paid up	-	-	1,003.84
Equity shares of Rs.1 each fully paid up	1,003.84	1,003.84	-
<b>Subscribed &amp; Paid up</b>			
Number of shares	100,384,050	100,384,050	10,038,405
Equity shares of Rs.10 each fully paid up	-	-	1,003.84
Equity shares of Rs.1 each fully paid up	1,003.84	1,003.84	-

**a) Rights, preferences and restrictions attached to equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per equity share. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts. in proportion to their shareholding.

**b) Reconciliation of the number of equity shares outstanding at the beginning and end of the reporting period / year:**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Balance at the beginning of the period / year	100,384,050	10,038,405	10,038,405
Add: Shares issued during the year	-	-	-
Add: Split	-	90,345,645	-
Balance at the end of the period / year	100,384,050	100,384,050	10,038,405

As per the Companies Act, 2013, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in the event of liquidation of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

- There are no shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestment.
- There is no dividend paid or proposed during the year and during the previous year.
- There has been stock split in the ratio of 9:1 on May 19, 2022 , accordingly the EPS has been restated for the same for previous periods as well.

**c) Details of shareholders holding more than 5 percent of equity shares in the Company:**

Name of Shareholders	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Prem Aggarwal	27,599,596	37,594,596	3,714,330
% Holding	27.49%	37.45%	37.00%
Shikha Aggarwal	2,312,043	12,312,043	1,218,000
% Holding	2.30%	12.26%	12.13%

d) **Shareholding of Promoters**

<b>Shares held by promoters at the end of the year</b>				<i>As at 31 March 2024</i>
Promoter's name	No. of Shares	% of total shares	% change during the period	
Prem Aggarwal	27,599,596	27.49%	-9.96%	
Prem Aggarwal	2,312,043	2.30%	-9.96%	

<b>Shares held by promoters at the end of the year</b>				<i>As at 31 March 2023</i>
Promoter's name	No. of Shares	% of total shares	% change during the period	
Prem Aggarwal	37,594,596	37.45%	0.45%	
Shikha Aggarwal	12,312,043	12.26%	0.13%	

<b>Shares held by promoters at the end of the year</b>				<i>As at 31 March 2022</i>
Promoter's name	No. of Shares	% of total shares	% change during the period	
Prem Aggarwal	3,714,330	37.00%		
Shikha Aggarwal	1,218,000	12.13%		

**Note 14 Other equity**

Particulars	As at		
	31 March 2024	31 March 2023	31 March 2022
Reserves and surplus (Note 14A)	2,739.23	2,475.83	2,450.36
Equity instruments through other comprehensive income (Note 14B)	(21.37)	(21.37)	(21.37)
<b>Total</b>	<b>2,717.86</b>	<b>2,454.46</b>	<b>2,428.99</b>

**Note 14A Reserves and surplus**

Particulars	As at		
	31 March 2024	31 March 2023	31 March 2022
<b>a) Securities premium</b>			
Balance as per beginning of current reporting period	1,260.00	1,260.00	1,260.00
Add: Premium received on issue of shares	-	-	-
Balance as per end of current reporting period (A)	<b>1,260.00</b>	<b>1,260.00</b>	<b>1,260.00</b>
<b>b) Retained earnings</b>			
Balance as per beginning of current reporting period	1,215.83	1,190.36	861.56
Add: Profit for the year	251.16	89.72	300.38
Less: Excess amount paid for acquisition	(0.11)	(66.23)	-
Less: Pre acquisition profits	-	-	-
Less: Bonus issue	-	-	-
Add/Less: Other comprehensive income for the year	12.343962	1.98	28.41
Balance as per end of current reporting period (B)	<b>1,479.23</b>	<b>1,215.83</b>	<b>1,190.36</b>
<b>Total (A+B)</b>	<b>2,739.23</b>	<b>2,475.83</b>	<b>2,450.36</b>

**Note 14B Equity instruments through other comprehensive income**

Particulars	As at		
	31 March 2024	31 March 2023	31 March 2022
Balance as per beginning of current reporting period	(21.37)	(21.37)	(21.37)
Add/Less: Other comprehensive income for the year	-	-	-
<b>Total</b>	<b>(21.37)</b>	<b>(21.37)</b>	<b>(21.37)</b>

**Note 15 Non-controlling interest**

Particulars	As at		
	31 March 2024	31 March 2023	31 March 2022
Jannat fabrics and apperals private limited	-	-	100.99
Twenty twenty trading LLP	(3.73)	44.81	60.01
Less: Profit on upstream transaction	-	-	-
<b>Total</b>	<b>(3.73)</b>	<b>44.81</b>	<b>161.00</b>

**Note 16 Borrowings** (Refer note \*\* for terms and security details)**Note 16A Long-term borrowings**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Secured Loan</b>			
- From bank and financial institutions	178.22	336.40	816.50
	<b>178.22</b>	<b>336.40</b>	<b>816.50</b>
<b>Unsecured Loan</b>			
- From bank and financial institutions	-	-	-
- From related parties	577.5	141.00	2.00
- Others	-	10.88	-
	<b>577.50</b>	<b>151.88</b>	<b>2.00</b>
<b>Total</b>	<b>755.72</b>	<b>488.28</b>	<b>818.50</b>

**Note 16B Short-term borrowings**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Secured Loan</b>			
- Current maturities of long term borrowings	158.67	194.36	151.35
- From bank and financial institutions	6,885.24	3,410.84	3,394.61
<b>Total</b>	<b>7,043.92</b>	<b>3,605.20</b>	<b>3,545.96</b>
The above amount includes:			
Secured Borrowings	7,222.14	3,941.60	4,362.46
Unsecured Borrowings	577.50	151.88	2.00

**Note 17 Long term provisions**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits			
- Gratuity	12.93	25.57	38.84
<b>Total</b>	<b>12.93</b>	<b>25.57</b>	<b>38.84</b>

**Note 18 Trade payables**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>For Goods &amp; Services</b>			
- Micro, small and medium enterprises	1089.76	-	-
- Others	1698.53	1,740.19	1,891.88
	<b>2,788.28</b>	<b>1,740.19</b>	<b>1,891.88</b>
<b>Further classified to:</b>			
- Related party	-	13.70	-
- Others	2,788.28	1,726.49	1,891.88
	<b>2,788.28</b>	<b>1,740.19</b>	<b>1,891.88</b>

For *Trade Payables Ageing*, refer Notes to Accounts- Note

**Note 19 Other current liabilities**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Advances from contractors & suppliers	434.49	498.02	48.48
Statutory dues payable	10.31	18.53	2.22
Other payable	5.60	0.42	-
<b>Total</b>	<b>450.40</b>	<b>516.97</b>	<b>50.70</b>

Note 20	Short term provisions	Particulars	As at	As at	As at
			31 March 2024	31 March 2023	31 March 2022
		Provision for employee benefit expense	5.50	3.75	28.27
		Others			
		- Provision for audit fees	3.00	3.50	2.25
		- Provision for Expenses	27.62		
		- Provision for gratuity	20.91	33.67	71.51
		- Provision for bonus	-	2.50	-
		<b>Total</b>	<b>57.02</b>	<b>43.42</b>	<b>102.03</b>

Note 21	Current tax assets (net)	Particulars	As at	As at	As at
			31 March 2024	31 March 2023	31 March 2022
		Provision for income tax (net of advance tax)	86.22	46.95	70.48
		<b>Total</b>	<b>86.22</b>	<b>46.95</b>	<b>70.48</b>

**Garment Mantra Lifesyle Limited (CIN : L18101TZ2011PLC017586)**  
**(Formerly known as Junction Fabrics and Apparels Limited)**  
**Annexure VI- Notes to Restated Consolidated Financial Information**  
(Amount in INR lakhs, except for share data unless otherwise stated)

**Note 22 Revenue from operations**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Sale of products			
- Domestic	16375.48	17,198.02	20,390.06
- Export	78.10	53.43	-
Sale of services	-	-	16.83
Other operating income	-	-	3.10
Less: Discount	(40.57)	(54.02)	(20.11)
<b>Total</b>	<b>16413.01</b>	<b>17,197.43</b>	<b>20,389.88</b>

**Note 23 Other income**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Commission Income	9.01	20.35	-
Rental income	0.90	-	14.40
Other income	5.53	6.25	7.17
<b>Total</b>	<b>15.44</b>	<b>26.60</b>	<b>21.57</b>

**Note 24 Cost of raw material consumed**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
<b>Raw Materials and Stores</b>			
Opening stock	954.17	852.62	474.99
Purchase	15697.33	13,995.83	16,578.42
Add: Manufacturing expense	453.35	436.80	815.33
Less: Closing stock	(988.62)	(954.17)	(852.62)
<b>Total</b>	<b>16116.23</b>	<b>14,331.08</b>	<b>17,016.11</b>

**Note 25 Purchases of stock-in-trade**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Purchases	-	169.35	1,273.74
<b>Total</b>	<b>-</b>	<b>169.35</b>	<b>1,273.74</b>

**Note 26 Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
<b>Stock in trade</b>			
Opening Stock of work in progress	179.64	400.57	462.06
Opening Stock of finished goods	3,401.55	4,067.41	4,014.51
Closing Stock of work in progress	1716.91	179.64	400.57
Closing Stock of finished goods	3167.86	3,401.55	4,067.41
<b>Total</b>	<b>(1303.58)</b>	<b>886.79</b>	<b>8.60</b>

**Note 27 Employee benefit expenses**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Salaries, wages and bonus	180.27	219.99	231.84
Contribution to provident and other funds	1.80	2.27	1.77
Payments towards gratuity	11.96	11.65	16.32
Social Security And Other Benefit Plans For Overseas Employees	6.76	-	-
Staff welfare expenses	25.69	59.20	62.73
<b>Total</b>	<b>226.48</b>	<b>293.11</b>	<b>312.65</b>

**Note 28 Finance cost**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Interest expense	365.61	340.70	324.44
Other borrowing costs	50.69	36.31	27.05
Interest on lease liabilities	-	-	6.09
<b>Total</b>	<b>416.30</b>	<b>377.01</b>	<b>357.58</b>

**Note 29 Depreciation & amortization expense**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Depreciation & amortization expense	78.14	89.19	96.42
<b>Total</b>	<b>78.14</b>	<b>89.19</b>	<b>96.42</b>

**Note 30 Other expenses**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Advertisement and sales promotion	45.44	60.72	6.49
Auditor's remuneration ( <i>Refer Note 30A</i> )	3.00	2.75	2.25
Commission & discount	75.78	159.80	17.64
Corporate social responsibility	-	8.32	8.50
Factory Expense	5.33	-	-
Freight and forwarding charges	31.39	45.96	49.92
Insurance expenses	7.95	8.66	8.81
Jobwork expenses	32.68	74.80	51.06
Labour	-	4.40	17.84
Miscellaneous expenses	17.60	-	-
Net Impairment losses on trade receivables/Financial assets	1.38	-	-
Non recoverable deposit	-	23.98	-
Office expenses	5.79	-	26.78
Other administrative charges	2.39	46.19	40.52
Packing expense	-	-	4.44
Postage	0.03	-	-
Power & Fuel	39.06	44.81	40.72
Preliminary & Pre-operative expenses written off	-	1.32	3.87
Printing and stationery	4.10	3.11	-
Professional & Consultancy fee	45.46	93.57	88.34
Provision for Doubtful Debts	12.40	-	-
Provision for Bad Debts	9.32	-	-
Provision for Expected Credit Loss	7.04	-	-
Rates and taxes	4.51	2.88	26.98
Remuneration	30.00	97.20	82.43
Rent	71.30	76.47	107.81
Repairs & Maintenance	61.39	82.36	129.02
Telephones & Mobile charges	4.90	7.79	1.36
Travelling and conveyance	41.14	65.90	171.83
Water charges	0.98	3.61	3.75
<b>Total</b>	<b>560.36</b>	<b>914.60</b>	<b>890.36</b>



**Note 30A Auditor's remuneration:**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
- For audit	2.25	2.25	1.50
- For taxation matters	0.75	0.50	0.75
<b>Total</b>	<b>3.00</b>	<b>2.75</b>	<b>2.25</b>

**Note 31 Exceptional items**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Profit on sale of fixed assets	0.97	0.34	0.07
<b>Total</b>	<b>0.97</b>	<b>0.34</b>	<b>0.07</b>

**Note 32 Tax expense**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Current tax:</b>			
- Current period/year	86.22	46.95	92.08
- Earlier year	0.98	25.11	9.12
<b>Deferred tax:</b>			
- Attributable to origination and reversal of temporary differences	0.88	(1.11)	(3.62)
<b>Total tax expense recognized</b>	<b>88.08</b>	<b>70.95</b>	<b>97.58</b>

**Note 33 Earnings per share**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
(i) Profit for basic/diluted earning per share of face value of INR 1 each and INR 10 each for FY 2021-22			
Profit for the period/year	259.75	94.27	386.89
(ii) Calculation of Weighted average number of equity shares for (basic and diluted)			
Number of equity shares at the beginning and end of the period/year	100,384,050	100,384,050	100,384,050
<b>Earnings per share [nominal value of INR 1 per share and INR 10 per share for FY 2021-22]</b>			
- Basic	0.26	0.09	0.39
- Diluted	0.26	0.09	0.39

Note **34 Terms and Security details of borrowings**

Name of Lender/Fund	Nature of Facility	Date of Issue	Sanctioned Amount as per latest sanction	Re-Payment Period	Rate of Interest	Outstanding balances as on 31 March 2024
<b>SECURED LOANS</b>						
<b><u>Business Term Loan:</u></b>						
Axis EGCL	EGCL	01.07.2020	146.00	60 Months 24 Months Moratoriu	9.25%	0.70
Axis EGCL	EGCL	26.11.2021	157.00	m+36 Months repayment	9.25%	1.06
Axis Bank	Term Loan	03.11.2018	55.00	36 Months	10.00%	0.41
Union Bank of India EGCL	EGCL	3/20/2024	144.00	33 Months	7.50%	143.92
Union Bank of India EGCL	EGCL	3/20/2024	34.00	4 Months	7.50%	34.00
Union Bank of India EGCL	TL	3/20/2024	50.00	36 Months	7.50%	50.00
<b>Jannat Fabrics and Apparels private Limited</b>						
Axis Bank ECGL	ECLGS	25.03.2022	89.00	28 Months	9.25%	0.19
Axis Bank ECGL	ECLGS	25.03.2022	80.00	60 Months	9.25%	0.58
Union Bank of India EGCL	EGCL	3/20/2024	80.00	36 Months	7.50%	80.00
Union Bank of India EGCL	EGCL	3/20/2024	31.00	6 Months	7.50%	26.03
<b>Total</b>						<b>336.89</b>
<b>Secured Loan: Cash Credit</b>						
Union Bank of India	Cash Credit	20.03.2024	2,050.00	On demand	8.70%	1,943.44
Axis Bank	Cash Credit	03.02.2022	1,950.00	On demand	9.95%	1,934.08
Union Bank of India	Cash Credit	20.03.2024	1,600.00	On demand	8.70%	1,499.16
Axis Bank	Cash Credit	25.03.2022	1,500.00	On demand	9.95%	1,508.57
<b>Total</b>						<b>6,885.25</b>
<b>UNSECURED LOANS</b>						
<b><u>From Directors &amp; Related parties:</u></b>						
Prem Agarwal	Unsecured loan					1.00
Shikha Agarwal	Unsecured loan					76.00
<b>Jannat Fabrics and Apparels private Limited Director Loan</b>						
Prem Aggarwal	Unsecured loan			Terms & conditions not stipulated		287.00
Shikha Aggarwal	Unsecured loan					213.50
<b>Total</b>						<b>577.50</b>

**Securities offered**

- 1 Land to the total extent of 0.38 acre situated at SF. NO 184/2A1A, Kanniampoondi Village, Avinashi Taluk, Avinashi SRO, Tirupur registered in the name of prem Agarwal
- 2 Land to the total extent of 0.52 acre situated at SF. NO 184/2A1A,184/2A2, 184/2A2,184/2B Kanniampoondi Village, Avinashi Taluk, Avinashi SRO, Tirupur registered in the name of prem Agarwal
- 3 Em of leasehold rights w.r.t Land to the total extent of 1.80 acres and building constructed thereof in SF. NO 581 and 600, in shed no 40 nethaji Apparel Park, Ettiveerampalayam village, avinashi
- 4 Land to the total extent of 14.95 cents and building constructed thereof in SF. NO 766 Part. Old ts no 494, new TS No 121 Old Block No 14 New Block No 53 Plot No 58 New ward No K & 17,
- 5 25% on Stock of Raw Material, stock in process, finished goods, stock in transit, goods sent to outside parties for processing, advances made for procurement of Raw material and other current
- 6 Secured by hypothecation of inventories, book debts and machineries

Note 35 The trade receivables ageing schedule:

**(iv) Disputed Trade Receivables – which have significant increase in credit risk** As at 31 March 2024

Particulars	Unbilled revenue	Not due	Less than 6 months	6 Month to 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) Undisputed trade receivables – considered good	-	-	3,946.36	100.16	13.21	-	1.09	4,060.82
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	12.40	-	-	12.40
(iii) Disputed trade receivables - considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-

**At the end of the year** As at 31 March 2023

Particulars	Unbilled revenue	Not due	Less than 6 months	6 Month to 1 year	1-2 years	2-3 years	More than 3 Years	Total
(i) Undisputed trade receivables – considered good	-	-	4,349.52	-	-	-	-	4,349.52
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Disputed trade receivables - considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-

**At the end of the year** As at 31 March 2022

Particulars	Unbilled revenue	Not due	Less than 6 months	6 Month to 1 year	1-2 years	2-3 years	More than 3 Years	Net
(i) Undisputed trade receivables – considered good	-	-	3,168.07	3.32	12.36	-	-	3,183.75
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Disputed trade receivables - considered good	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-

Note 36 The trade payables ageing schedule:

**At the end of the year** As at 31 March 2024

Particulars	Not due for payment	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 year	2-3 year	More than 3 Year	
MSME	-	1,089.76	-	-	-	1,089.76
Others	-	1,636.03	62.50	-	-	1,698.53
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

**At the end of the year** As at 31 March 2023

Particulars	Not due for payment	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 year	2-3 year	More than 3 Year	
MSME	-	-	-	-	-	-
Others	-	1,740.19	-	-	-	1,740.19
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

**At the end of the year** As at 31 March 2022

Particulars	Not due for payment	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 year	2-3 year	More than 3 Year	
MSME	-	-	-	-	-	-
Others	-	1,891.88	-	-	-	1,891.88
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-

**A Financial Instruments measurements and disclosures**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022	
	Amortised Cost	Fair value through OCI	Amortised Cost	Fair value through OCI	Amortised Cost	Fair value through OCI
<b>Financial Assets</b>						
(i) Investments - <i>Measured at Fair Value</i>		14.80	-	13.74	-	13.74
(i) Investments - <i>Not Measured at Fair Value</i>	52.85	-	52.85	-	52.85	-
(ii) Loans	75.30	-	70.44	-	79.65	-
(iii) Other non-current financial assets	0.17	-	10.17	-	25.78	-
(iii) Trade receivables	4,053.88	-	4,349.52	-	3,183.75	-
(iv) Cash and cash equivalents	3,579.65	-	33.09	-	265.54	-
(v) Loans	511.86	-	25.73	-	304.13	-
<b>Total</b>	<b>8,273.70</b>	<b>14.80</b>	<b>4,541.80</b>	<b>13.74</b>	<b>3,911.69</b>	<b>13.74</b>
<b>Financial Liabilities</b>						
(i) Long-term borrowings	755.72	-	488.28	-	818.50	-
(ii) Short-term borrowings	7,043.92	-	3,605.20	-	3,545.96	-
(iii) Trade payables						
(a) total outstanding dues of micro enterprises and small enterprises; and	1,089.76	-	-	-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises	1,698.53	-	1,740.19	-	1,891.88	-
<b>Total</b>	<b>10,587.93</b>	<b>-</b>	<b>5,833.67</b>	<b>-</b>	<b>6,256.34</b>	<b>-</b>

**B Fair values hierarchy**

The fair value of financial instruments as referred to in note (A) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities [Level 1 measurements] and lowest priority to unobservable inputs [Level 3 measurements].

The categories used are as follows:

Level 1: Quoted prices for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a net asset value or valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**Note 38 Financial risk management**

The Company's activities are exposed to a variety of market risk (including foreign currency risk and interest risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

**I Market Risk**

Market rate is the risk that arises from changes in market prices, such as commodity prices, foreign exchange rates, interest rates etc. and will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising returns.

**a. Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Currently company not take any loan facility and use own fund for its business so interest risk is very low.

**b. Foreign Currency Exchange Rate Risk**

Company not do any transaction in foreign currency so company has no risk.

**II Credit Risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company performs on-going credit evaluation of its counterparties' financial conditions. The Company's major classes of financial assets are cash and bank balances, trade receivables, Security deposits, Advances to Suppliers and Employees, Unbilled Revenues and prepayments.

As at the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

As at the reporting date, substantially all the cash and bank balances as detailed in Note 10 to the financial information are held in major Banks which are regulated and located in the India, which management believes are of high credit quality.

**III Liquidity Risk**

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company has obtained fund based and non-fund based working capital credit facility from various banks. Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Company arise in respect of the trade and other payables. Trade and other payables are all payable within 12 months.

The Company manages liquidity risk by maintaining adequate surplus, banking facilities and reserve borrowing facilities by continuously monitoring forecasts and actual cash flows.

The Company has a system of regularly forecasting cash inflows and outflows and all liquidity requirements are planned.

Forecast for trade and other payables is regularly monitored to ensure timely funding.

All payments are made within due dates.

The Board receives cash flow projections on a regular basis as well as information on cash balances.

**Note 39 Capital risk management**

For the purpose of the Group's capital management, capital includes issued equity capital, and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximize the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, business strategies and future commitments. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade payables and borrowings, less cash and cash equivalents and other bank balances.

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Trade payables (Refer note 18)	2,788.28	1,740.19	1,891.88
Borrowings (Refer note 16)	7,799.64	4,093.48	4,364.46
Less: cash and cash equivalents (Refer note 10)	(3,579.65)	(33.09)	(265.54)
<b>Net debt</b>	<b>7,008.28</b>	<b>5,800.58</b>	<b>5,990.81</b>
Equity share capital (Refer note 13)	1,003.84	1,003.84	1,003.84
Other equity (Refer note 14)	2,717.86	2,454.46	2,428.99
<b>Total capital</b>	<b>3,721.70</b>	<b>3,458.30</b>	<b>3,432.83</b>
Capital and net debt	10,729.98	9,258.88	9,423.64
<b>Gearing ratio</b>	<b>65.31%</b>	<b>62.65%</b>	<b>63.57%</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to maintain investor, creditor and market confidence and to sustain future development of the business.

**Note 40 Employee Benefit Expenses****I. Defined contribution plans**

The Company has classified the various benefits provided to employees as under:

- a. The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than to make the specified contributions. The contributions are charged to the restated statement of profit and loss as they accrue. The Group has recognised following amounts as an expense towards contribution to these schemes:

The expense recognised during the period towards defined contribution plan -

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Contribution to provident and other funds	1.80	2.27	1.77

**II. Defined benefit plans****Gratuity**

The Group provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for the gratuity plan:

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
<b>Expenses recognised in statement of profit and loss during the year:</b>			
Current services cost	7.58	7.81	11.63
Interest cost	4.38	3.83	4.69
Actuarial losses/(gains)	(11.28)	(1.97)	(28.41)
<b>Total</b>	<b>0.68</b>	<b>9.67</b>	<b>(12.09)</b>
Expenses recognised in Profit & Loss	11.96	11.65	16.32
Expenses recognised through OCI	(11.28)	(1.98)	(28.41)

**Changes in the present value of the Defined Benefit Obligations are as follows:**

Opening defined benefit obligation	59.23	56.06	36.74
Interest cost	4.38	3.83	4.69
Current service cost	7.58	7.81	11.63
(Benefit Paid Directly by the Employer)	(26.08)	(6.50)	-
Actuarial (gain)/ loss on account of:			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	0.20	(1.17)	(1.07)
Experience adjustments	(11.48)	(0.81)	(27.34)
Present value of benefit obligation at the end of the period	33.83	59.23	24.65

**Balance Sheet Reconciliation**

Opening net liability	59.23	56.06	83.60
Expense recognized in statement of profit or loss	11.96	11.65	16.32
Expense recognized in other comprehensive income	(11.28)	(1.98)	(28.41)
Benefit paid	(26.08)	(6.50)	-
<b>Net Liability/(Asset) recognized in the balance sheet</b>	<b>33.83</b>	<b>59.23</b>	<b>71.51</b>

**V Sensitivity analysis method**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated.

Note **41 Related Party Transaction**

**1 Names of the related parties with whom transaction were carried out during the years and description of relationship:**

a)	Key Management Personnel	Ms. K. Lakshmi Priya Mr. Aditya Aggarwal Mr. Prem Dinanath Aggarwal Ms. Shikha Aggarwal Mr. Subramanian Thirumurugan Mr. Thangamuthu Muthiah Mr. Deva Kumar Ms. Ashmita Aggarwal Ms. Tanvi Aggarwal Mr. Srikanth Banerjee	Company Secretary CFO Managing Director Director Independent Director Independent Director Independent Director Director resigned wef 25.05.23 Daughter of MD Son in law of MD
b)	Companies/Entities under the Control of Key Management Personnel	Beatle Apparels Hylex Fashion Private Limited (Formerly known as Jannat Fabrics and Apparels Private Limited) Twenty Twenty LLP Full choices Fiber forge Ocean Fibers and Fabric	

**2 Transaction with Key Management Personnel/Directors**

Sr. No.	Nature of Transaction	As at	As at	As at
		31 March 2024	31 March 2023	31 March 2022
<b>1</b>	<b>Loan Taken</b>			
	Mr. Prem Aggarwal	2.21	131.46	123.77
	Ms. Shikha Aggarwal	156.98	0.20	77.48
	Mr. Aditya Aggarwal	1.98	-	66.34
	Ms. Ashmita Aggarwal	0.26	9.00	42.35
<b>2</b>	<b>Loans Repaid</b>			
	Mr. Prem Aggarwal	203.01	67.96	310.35
	Ms. Shikha Aggarwal	122.18	29.70	120.50
	Mr. Aditya Aggarwal	1.98	47.75	179.72
	Ms. Ashmita Aggarwal	0.26	101.50	74.18
<b>3</b>	<b>Remuneration/Professional Fee</b>			
	Mr. Prem Aggarwal	24.00	33.00	16.88
	Ms. Shikha Aggarwal	20.40	30.00	16.88
	Mr. Aditya Aggarwal	-	33.00	10.25
	Ms. K. Lakshmi Priya	5.40	5.40	5.40
	Ms. Ashmita Aggarwal	-	18.00	10.12
	Ms. Tanvi Aggarwal	-	-	9.00
<b>4</b>	<b>Rent</b>			
	Mr. Prem Aggarwal	9.00	5.25	7.00
	Ms. Shikha Aggarwal	9.00	6.00	-
	Mr. Aditya Aggarwal	9.72	5.25	3.50
	Full Choice (Furniture Rent)	0.90	-	-
<b>5</b>	<b>Purchases</b>			
	Beatle Apparels	288.61	1,036.98	223.27
	Ocean Fibers and Fabric	130.96	-	-
	Full Choices	218.02	-	-
	Fiberforge Studios	232.86	-	-
<b>6</b>	<b>Interest Paid</b>			
	Mr. Prem Aggarwal	-	-	7.54
	Ms. Shikha Aggarwal	-	-	4.04
	Mr. Aditya Aggarwal	-	-	11.13
	Mr. Ashmita Aggarwal	-	-	5.33
<b>7</b>	<b>Salary</b>			
	Ms. Ashmita Aggarwal	9.00	1.20	-
	Ms. Shikha Aggarwal	-	3.00	-
	Ms. Tanvi Aggarwal	-	1.20	-
<b>8</b>	<b>Sales</b>			
	Beatle Apparels	150.06	-	-
	Ocean Fibers and Fabric	129.27	-	-
	Full Choices	1.13	-	-
	Fiberforge Studios	16.32	-	-
<b>9</b>	<b>Reimbursement expenses</b>			
	Mr. Srikanth Banerjee	4.05	-	-
<b>10</b>	<b>Advance given</b>			
	Mr. Srikanth Banerjee	1.00	-	-

**3 Balances Outstanding at the end of the Year**

Sr. No.	Particulars	As at	As at	As at
		31 March 2024	31 March 2023	31 March 2022
	Unsecured Loans	577.50	141.00	2.00
	Trade Payable	279.92	13.70	(50.04)
	Sundry Debtors	413.17	-	-
	Remuneration	0.43	-	-
	Rent Deposit	23.50	23.50	-

Note 42 **CONTINGENT LIABILITIES & COMMITMENTS**

<b>Particulars</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>	<b>As at 31 March 2022</b>
GST Demand	91.72	-	-



Note 43 Financial ratios

Particulars	Unit of measurement	Numerator	Denominator	As at	As at	% Change	Remarks
				31 March 2024	31 March 2023	FY 24 - FY 23	FY 24 - FY 23
Current ratio	Times	Current assets	Current Liabilities	1.35	1.53	-11.57%	NA
Debt equity ratio	Times	Total debt (including current maturities of long term borrowings and accrued interest excluding lease liabilities)	Shareholder's Equity	2.10	1.17	79.53%	Increase in Debt resulted in change in the ratio
Debt service coverage ratio	Times	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest expense	Debt service = Interest & lease payments + principal repayments	0.10	0.14	-29.10%	Increase in profit resulted in change in Ratio
Return on equity ratio	Percentage	Net profits after taxes	Average Net worth	6.85%	2.60%	163.46%	Increase in profit resulted in change in Ratio
Inventory turnover ratio	Times	Revenue from Operations	Average Inventory	3.15	3.49	-9.63%	NA
Trade receivable turnover ratio	Times	Revenue from Operations	Average Trade Receivable	3.91	4.57	-14.44%	NA
Trade payable turnover ratio	Times	Total purchases of raw material	Average Trade Payables	9.13	7.71	18.46%	NA
Net capital turnover ratio	Times	Revenue from Operations	Working capital = Current assets – Current liabilities*	4.46	5.45	-18.18%	NA
Net profit ratio	Percentage	Net profit after tax	Net sales = Total sales - sales return	1.51%	0.54%	180.88%	Increase in profit resulted in change in Ratio
Return on capital employed	Percentage	Earnings before interest and taxes	Capital Employed = Tangible Net Worth	6.53%	7.11%	-8.22%	NA
Return on investment	Percentage	Net profit after tax	Total Asset	1.66%	0.93%	79.22%	Increase in profit resulted in change in Ratio

Particulars	Unit of measurement	Numerator	Denominator	As at	As at	% Change	Remarks
				31 March 2023	31 March 2022	FY 23 - FY 22	FY 23 - FY 22
Current ratio	Times	Current assets	Current Liabilities	1.53	1.63	-6.17%	NA
Debt equity ratio	Times	Total debt (including current maturities of long term borrowings and accrued interest excluding lease liabilities)	Shareholder's Equity	1.17	1.21	-3.78%	NA
Debt service coverage ratio	Times	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest expense	Debt service = Interest & lease payments + principal repayments	0.14	0.21	-32.62%	Reduction in profit resulted in change in Ratio
Return on equity ratio	Percentage	Net profits after taxes	Average Net worth	2.60%	10.54%	-75.33%	Reduction in profit resulted in change in Ratio
Inventory turnover ratio	Times	Revenue from Operations	Average Inventory	3.49	3.97	-12.10%	NA
Trade receivable turnover ratio	Times	Revenue from Operations	Average Trade Receivable	4.57	6.29	-27.46%	Reduction in sales resulted in change in Ratio
Trade payable turnover ratio	Times	Total purchases of raw material	Average Trade Payables	7.71	8.46	-8.87%	NA
Net capital turnover ratio	Times	Revenue from Operations	Working capital = Current assets – Current liabilities*	5.45	5.71	-4.55%	NA
Net profit ratio	Percentage	Net profit after tax	Net sales = Total sales - sales return	0.54%	1.76%	-69.48%	Reduction in profit resulted in change in Ratio
Return on capital employed	Percentage	Earnings before interest and taxes	Capital Employed = Tangible Net Worth	7.11%	5.73%	24.10%	NA
Return on investment	Percentage	Net profit after tax	Total Asset	0.93%	3.55%	-73.89%	Reduction in profit resulted in change in Ratio

Particulars	Unit of measurement	Numerator	Denominator	As at	As at	% Change	Remarks
				31 March 2022	31 March 2021	FY 22 - FY 21	FY 22 - FY 21
Current ratio	Times	Current assets	Current Liabilities	1.63	1.63	0.18%	NA
Debt equity ratio	Times	Total debt (including current maturities of long term borrowings and accrued interest excluding lease liabilities)	Shareholder's Equity	1.21	1.21	0.73%	NA
Debt service coverage ratio	Times	Earnings for debt service = Net profit after taxes + Non-cash operating expenses + Interest expense	Debt service = Interest & lease payments + principal repayments	0.21	0.37	-43.91%	Reduction in profit resulted in change in Ratio
Return on equity ratio	Percentage	Net profits after taxes	Average Net worth	10.54%	27.39%	-61.51%	Reduction in profit resulted in change in Ratio
Inventory turnover ratio	Times	Revenue from Operations	Average Inventory	3.97	3.18	24.82%	NA
Trade receivable turnover ratio	Times	Revenue from Operations	Average Trade Receivable	6.29	5.90	6.62%	NA
Trade payable turnover ratio	Times	Total purchases of raw material	Average Trade Payables	8.46	4.42	91.48%	Due to Purchase increase and trade payable decrease
Net capital turnover ratio	Times	Revenue from Operations	Working capital = Current assets – Current liabilities*	5.71	5.00	14.35%	NA
Net profit ratio	Percentage	Net profit after tax	Net sales = Total sales - sales return	1.76%	4.68%	-62.44%	Reduction in profit resulted in change in Ratio
Return on capital employed	Percentage	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Total Asset	5.73%	20.54%	-72.09%	Reduction in profit resulted in change in Ratio
Return on investment	Percentage	Net profit after tax		3.55%	8.21%	-56.84%	Reduction in profit resulted in change in Ratio

Note 44 Statement of restatement adjustments to audited financial statements

44A Reconciliation between total equity as per Audited Financial Statements and Restated Financial Information

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Equity as per Consolidated Ind AS Financial Statements	3717.97	3,503.11	3,593.83
Restatement Adjustments	0.00	(0.00)	(0.00)
<b>Total equity as per Restated Financial Information</b>	<b>3,717.97</b>	<b>3,503.11</b>	<b>3,593.83</b>

44B Reconciliation between Audited profit and Restated profit

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Total comprehensive income or Profit after tax	259.75	94.27	386.89
Restatement adjustments	0.00	(0.00)	(0.00)
<b>Restated total comprehensive income as per restated financial information</b>	<b>259.75</b>	<b>94.27</b>	<b>386.89</b>

Note 45 Material regrouping

Appropriate regroupings have been made in the restated statement of assets and liabilities, restated statement of profit and loss and restated statement of cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Restated Financial Information of the Company for the year ended March 31, 2024 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

**Notes****46 Operating leases****31 March, 2022:**

The Company has taken certain premises under cancellable lease which are upto one year . The rental expense under such operating leases during the year Rs. 107.81 Lakhs- (Previous Year 90.61 lakhs/-).

**31 March, 2023:**

The Company has taken certain premises under cancellable lease which are upto one year . The rental expense under such operating leases during the year Rs. 75.27 Lakhs (Previous Year Rs. 107.81 Lakhs).

**31 March, 2024:**

The Company has taken certain premises under cancellable lease which are upto one year . The rental expense under such operating leases during the year Rs. 71.30 Lakhs (Previous Year Rs. 75.27 Lakhs).

**47** In accordance with the India Accounting Standards (AS-2) "Valuation of Inventories", in relation to Raw materials, work in progress, finished goods, packing materials, stores, spares, components, consumables and stock-in-trade are carried at the lower of cost and net realizable value.

**48 Non-current assets**

All non-current assets of the company are located in India.

**49 Going Concern**

The annual financial statement have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations will occur in ordinary course of business.

**50 Events after the reporting period**

There are no events after the balance sheet date that require disclosures.

**51 Additional regulatory information**

- i. Balance of Debtors & Creditors & Loans & advances Taken & giving are subject to confirmation and subject to consequential adjustments, if any. Debtors & creditors balance has been shown separately and the advances received and paid from/to the parties is shown as advance from customer and advance to suppliers.
- ii. The company has no transactions, which are not recorded in the books of accounts and which are surrendered or disclosed as income during the year in the tax assessment or in search or survey or under any other relevant provision of the Income Tax Act, 1961.
- iii. The Company has not traded or invested in crypto currency or virtual currency for the year ended March 2024, March 2023 and March 2022.
- iv. The Company do not had any transaction for the year ended March 2024, March 2023 and March 2022. with the companies which are struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.
- v. The company has not been declared as willful defaulter by any bank or from any other lender for the year ended March 2024, March 2023 and March 2022.
- vi. The company has registered all the charges which are required to be registered under the terms of the loan and liabilities and submitted Documents with ROC within the period as required by Companies Act, 2013.
- vii. As per the information & detail available on records and the disclosure given by the management, the company has complied with the number of layers prescribed under clause (87) of section 2 of the companies act read with the Companies (Restriction on number of layers) Rules 2017.
- viii. As per the Information & details available on records and the disclosure given by the management, the company has not advanced, loaned or invested to any other person or entity or foreign entities with the understanding that the intermediary shall directly or indirectly lend or invest in other person or entities identified in any manner whatsoever by or on behalf of the company or provided any guarantee, security or like to or on behalf of the company. Further the company has not received any funds from any person, entity including the foreign entity with the understanding that the company shall directly or indirectly lend, invest or guarantee, security or like manner on behalf of the funding party.
- ix. The said provisions of Corporate Social Responsibility under section 135 of Companies Act, 2013 are not applicable to the company for the year ended March 2024. CSR expenses of the year ended March 2023 Rs. 8.32 Lakhs and for the year ended March, 2022 Rs. 8.50 Lakhs.
- x. There are no proceedings initiated or pending against the Group for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made there under.

**CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2024**  
(Rs. in Lakhs)

Sr. No.	Particulars	As at 30.09.2024	As at 31.03.2024
		(Unaudited)	(Audited)
<b>A</b>	<b>Assets</b>		
<b>1</b>	<b>Non - Current Assets</b>		
	(a) Property, Plant and Equipment	614.93	643.07
	(b) Capital Work-in Progress	-	-
	(c) Investment Property	-	-
	(d) Goodwill	-	-
	(e) Intangible Assets under Development	-	-
	(f) Other Intangible Assets	-	-
	(g) Financial Assets	-	-
	- Non Current Investments	67.65	67.65
	- Trade Receivables, Non Current	-	-
	- Loans & Advances, Non- Current	52.35	75.30
	- Deposits	0.17	0.17
	- Other Non current Financial Assets	-	-
	(h) Deferred Tax Assets (Net)	22.68	22.68
	(i) Other Non Current Assets	-	-
	<b>Total Non - Current Assets</b>	<b>757.78</b>	<b>808.87</b>
<b>2</b>	<b>Current Assets</b>		
	(a) Inventories	7,231.77	5873.39
	(b) Financial Assets	-	-
	- Current Investments	-	-
	- Trade receivables- Current	1,956.33	4053.88
	- Cash and cash equivalents	26.12	3579.65
	- Loans & Advances, Current	246.52	511.86
	- Other Current Financial assets	-	-
	(c) Other Current Assets	74.27	84.82
	<b>Total Current Assets</b>	<b>9,535.01</b>	<b>14,103.59</b>
<b>3</b>	Non- current Assets classified as held for sale	-	-
<b>4</b>	Regulatory deferral account debited balances and related deffered Tax assets	-	-
	<b>Total Assets</b>	<b>10,292.79</b>	<b>14,912.46</b>
<b>B</b>	<b>Equity and liabilities</b>		
<b>1</b>	<b>Equity</b>		
	<b>Equity attributable to owners of parent</b>		
	(a) Equity Share Capital	1,003.84	1,003.84
	(b) Other Equity	2,856.38	2,717.86
	c) Money Received against share warants	-	-
	(d) Non Controlling Interest	-3.75	-3.73
	<b>Total Equity</b>	<b>3,856.47</b>	<b>3,717.97</b>
<b>2</b>	<b>Liabilities</b>	-	-
	<b>Non- Current Liabilities</b>	-	-
	(a) Financial Liabilities	-	-
	- Borrowings, Non- Current	726.33	755.72
	- Trade Payable, non-current	-	-

**Registered & Admin Office:** No.15, Murthy's Plaza, Karia Gounder Street, Khaderpet, Tirupur - 641 601.

**Factory:** Shed No.40, Nethaji Apparel Park, Eettiveeramalayam, New Tirupur - 641 666.

**Tel No :** +91-0421 2231896, +91-0421 2357140

**E-mail :** accounts@junctionfabrics.in **Website:** www.garmentmantra.com



	- Other Non-Current Financial liabilities	-	
	(b) Provisions, Non -Current	12.93	12.93
	(c) Deferred tax liabilities (net)	-	-
	(d) Deferred Government Grants, Non- Current	-	-
	(e) Other Non-Current Liabilities	-	0.00
	<b>Total Non- Current Liabilities</b>	<b>739.26</b>	<b>768.65</b>
	<b>Current Liabilities</b>	-	
	(a) Financial Liabilities	-	
	- Borrowings, Current	3,456.60	7043.92
	- Trade Payables, Current	1,992.73	2788.28
	- Other Current Financial Liabilities	-	
	(b) Other current liabilities	153.35	450.40
	(c) Current Tax liabilities (Net)	-	-
	(d) Deferred government grants, Current	-	-
	(e) Provisions	94.38	143.24
	<b>Total Current liabilities</b>	<b>5,697.06</b>	<b>10,425.84</b>
<b>3</b>	Liabilities directly associated with assets in disposal group classified as held for sale	-	-
<b>4</b>	Regulatory deferral account credit balances and related deferred tax liability	-	-
	<b>Total Liabilities</b>	<b>6,436.32</b>	<b>11,194.49</b>
	<b>Total Equity and Liabilities</b>	<b>10,292.79</b>	<b>14,912.46</b>

For and on the behalf of Board of Directors

Date: 12.11.2024  
Place : Tirupur

  
 Prem Aggarwal  
 Managing Director  
 Din No: 02050297



**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER, 2024**

(Rs. in lakhs except EPS)

Sr. No.	Particulars	Quarter Ended			Year To Date		Year to Ended
		30.09.2024	30.06.2024	30.09.2023	30.09.2024	30.09.2023	31.03.2024
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	<b>Income</b>						
	(a) Revenue from Operations	3461.39	4069.41	3310.47	7530.80	6044.01	16413.01
	(b) Other Income	0.30	0.32	0.50	0.62	2.36	15.44
	<b>Total Income (a+b)</b>	<b>3461.68</b>	<b>4069.74</b>	<b>3310.97</b>	<b>7531.42</b>	<b>6046.37</b>	<b>16428.45</b>
2	<b>Expenses</b>						
	(a) Cost of materials consumed	4448.53	3562.92	3374.47	8011.45	5873.80	16116.23
	(b) Purchase of Stock in Trade	-	-	-	-	-	-
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1498.15)	(177.18)	(734.96)	(1675.33)	(856.49)	(1303.58)
	(d) Employee benefits expense	75.74	69.07	65.56	144.81	134.57	226.48
	(e) Finance costs	79.95	112.92	92.93	192.87	187.05	416.30
	(f) Depreciation and amortisation expense	18.16	17.97	16.52	36.13	35.60	78.14
	(g) Other expenses	225.56	389.04	440.57	614.60	575.85	560.36
	<b>Total expenses</b>	<b>3349.79</b>	<b>3974.74</b>	<b>3255.09</b>	<b>7324.53</b>	<b>5950.38</b>	<b>16093.94</b>
3	<b>Profit/(Loss) before exceptional items and tax (1-2)</b>	111.90	94.99	55.88	206.89	95.99	334.51
4	Exceptional items	-	-	-	-	-	-
	iii) Profit on sale of Fixed Asset	-	-	-	-	-	0.97
5	<b>Profit/(Loss) before tax</b>	<b>111.90</b>	<b>94.99</b>	<b>55.88</b>	<b>206.89</b>	<b>95.99</b>	<b>335.48</b>
6	<b>Tax Expenses</b>						
	- Current tax	29.10	24.71	14.95	53.81	26.52	86.22
	- Deferred tax	-	-	-	-	-	0.88
	-Short Provision for Income Tax of Earlier Year	14.37	-	-	14.37	-	0.98
	<b>Total Tax Expenses</b>	<b>43.47</b>	<b>24.71</b>	<b>14.95</b>	<b>68.18</b>	<b>26.52</b>	<b>88.08</b>
7	<b>Net Profit/(Loss) for the period from Countinuing Operations (5-6)</b>	<b>68.43</b>	<b>70.28</b>	<b>40.93</b>	<b>138.71</b>	<b>69.47</b>	<b>247.40</b>
8	Profit/(Loss) from discountinuing operation after tax	-	-	-	-	-	-
9	<b>Profit/ (Loss) for the period</b>	<b>68.43</b>	<b>70.28</b>	<b>40.93</b>	<b>138.71</b>	<b>69.47</b>	<b>247.40</b>
10	<b>Other Comprehensive Income</b>						
	A (i) Amount of Items that will not be reclassified to profit or loss						12.34
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-	-	-

**Registered & Admin Office:** No.15, Murthy's Plaza, Karia Gounder Street, Khaderpet, Tirupur - 641 601.

**Factory:** Shed No.40, Nethaji Apparel Park, Eettiveeramalayam, New Tirupur - 641 666.

**Tel No :** +91-0421 2231896, +91-0421 2357140

**E-mail :** accounts@junctionfabrics.in **Website:** www.garmentmantra.com





	B (i) Amount of Items that will be reclassified to profit or loss	-	-	-	-	-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss	-	-	-	-	-	-
	Other Comprehensive Income Net of taxes	-	-	-	-	-	12.34
11	<b>Total Comprehensive Income for the period (9+10)(Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	<b>68.43</b>	<b>70.28</b>	<b>40.93</b>	<b>138.71</b>	<b>69.47</b>	<b>259.75</b>
12	<b>Profit/ (loss) attributable to</b> - Owners of the Company - Non-controlling interest - Pre Acquisition Profits	68.49 -0.06 -	70.30 (0.02)	41.65 (0.72)	138.79 (0.08)	71.33 (1.86)	263.51 (3.76)
13	<b>Details of Equity Share capital</b> Paid Up Share Capital Face value of Equity Share Capital	1003.84 1.00	1003.84 1.00	1003.84 1.00	1003.84 1.00	1003.84 1.00	1003.84 1.00
14	Reserves Excluding Revaluation reserve						
15	Earning per share (of Rs. 10/- each) (not annualised): (a) Basic EPS (b) Diluted EPS	0.07 0.07	0.07 0.07	0.04 0.04	0.14 0.14	0.07 0.07	0.26 0.26

**Notes:**

1. The above Unaudited financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on 12th November, 2024. The Statutory Auditors have carried out the limited audit review for the quarter and half year ended 30th September, 2024 and issued unmodified report thereon. These results are available on the Company's Website.
2. The statement is as per Regulation 33 of the Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('Listing Regulations').
3. The company is predominantly engaged in the business of manufacturing, selling and distribution of fabrics, hosiery garments and providing of related services. Thus there are no separate reportable operating segments in accordance with Ind AS 108 - Operating Segments.
4. The Figures for the previous period/year have been regrouped/reclassified, wherever necessary to confirm to current period/year classification.
5. There are no Investors Complaints pending as on 30th September, 2024.

For and on the behalf of Board of Directors

Date: 12.11.2024  
Place : Tirupur

  
Prem Aggarwal  
Managing Director  
Din No: 02050297



## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED SEPTEMBER 30, 2024

(Amount in Lakhs)

Particulars	Half year ended September 30, 2024		Year Ended March 31, 2024	
	(Unaudited)		(Audited)	
<b>Cash flow from operating activities</b>				
<b>Net Profit before Tax</b>		206.89		335.48
Discontinued operations				-
<b>Profit before income tax including discontinued operations</b>		206.89		335.48
<b>Adjustments for</b>				
Depreciation and amortisation expense	36.13		78.14	
Provision for Gratuity	-		11.96	
Profit on sale of Fixed Assets	-		(0.97)	
Provision for Impairment Loss on Debtors	-		19.44	
Finance Cost	192.87	229.00	416.30	524.88
<b>Operating Profit before Working Capital Changes</b>		435.89		860.36
(Increase)/Decrease in trade receivables	2,097.55		276.20	
(Increase)/Decrease in inventories	(1,358.38)		(1,338.02)	
(Increase)/decrease in other current and non current assets	10.55		87.20	
Decrease/(Increase) in Short term and Long term Loan & Advances	288.29		(490.99)	
Increase/ (Decrease) in trade payables	(795.55)		1,048.09	
Increase/(decrease) in provision (current and non current)	(48.86)		41.44	
Increase in other current liabilities	(297.23)		(66.57)	
<b>Cash generated from operations</b>		(103.63)		(442.65)
Less Income taxes paid		(68.18)		(87.19)
<b>Net cash inflow from operating activities</b>		264.07		330.51
<b>Cash flows from investing activities</b>				
(Increase)/Decrease in investments	0.00		-	
Payment / Change in minority interest	(0.02)		(48.54)	
(Increase)/Decrease in Property, Plant & Equipment	(8.00)		(25.28)	
<b>Net cash used in investing activities</b>		(8.02)		(73.82)
<b>Cash flow from financing activities</b>				
Increase/ (Decrease) in long Term Borrowing	(29.39)		267.44	
Increase/ (Decrease) in short Term borrowings	(3,587.32)		3,438.72	
Interest paid	(192.87)		(416.30)	
<b>Net cash from financing activities</b>		(3,809.58)		3,289.86
<b>Net increase (decrease) in cash and cash equivalents</b>		(3,553.53)		3,546.56
<b>Cash and cash equivalents at the beginning of the year</b>		3,579.65		33.09
<b>Cash and cash equivalents at end of the year</b>		<b>26.12</b>		<b>3,579.65</b>

For and on the behalf of Board of Directors

Date: 12.11.2024  
Place : Tirupur

  
 Prem Aggarwal  
 Managing Director  
 Din No: 02050297



**Registered & Admin Office:** No.15, Murthy's Plaza, Karia Gounder Street, Khaderpet, Tirupur - 641 601.

**Factory:** Shed No.40, Nethaji Apparel Park, Eettiveeramalayam, New Tirupur - 641 666.

**Tel No :** +91-0421 2231896, +91-0421 2357140

**E-mail :** accounts@junctionfabrics.in **Website:** www.garmentmantra.com



**LIMITED REVIEW REPORT ON SECOND QUARTER ENDED AND HALF YEAR ENDED  
SEPTEMBER 30, 2024, UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF GARMENT  
MANTRA LIFESTYLE LIMITED PURSUANT TO REGULATION 33 OF SEBI (LISTING  
OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATION 2015**

To,  
The Board of Directors,  
Garment Mantra Lifestyle Limited  
Tirupar

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results (“The Statement”) of **Garment Mantra Lifestyle Limited** (“The Company”) comprising its subsidiary for the second quarter ended and half year ended September 30, 2024 being submitted by the company to the stock exchange viz. BSE pursuant to the requirement of regulation 33 of the SEBI (listing Obligations and Disclosure requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the company’s management and approved by the Company’s Board of Director, has been Prepared in accordance with the recognition and measurement principals laid down in the Indian Accounting Standard 34 “Interim Financial Reporting” (Ind AS 34”), Prescribed under Section 133 of the companies Act, 2013 read with relevant rules issued thereunder and other accounting principal generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We have conducted our review of the statement in accordance with the Standard on Review Engagement (SRE) 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’, Issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making Inquiries, primarily of the company’s personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on Auditing Specified under section 143(10) of the companies Act 2013 and consequently dose not enable as to obtain assurance that we could become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that casual us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclose in terms of regulation 33 of the SEBI amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
5. The Statement includes the results of following entities:
  - Jannat Fabrics and Apparels Private Limited
  - Twenty Twenty Trading LLP
6. This Statement includes the interim financial results and other information of 2 subsidiary entities whose interim financial results/information reflects Rs 61.15 Lakhs Net Profit for the Quarter ended on 30th September 2024. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial result prepared in accordance with applicable accounting standard and other recognized accounting practices and other accounting policies has not disclosed the information required to be disclosed in terms of Regulation 33 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 as amended by SEBI, including the manner in which it is to be discloser, or that it contains any material misstatement.

For and on behalf of  
N B T AND CO  
Chartered Accountants  
FRN: - 140489W

**ASHUTOS** Digitally signed by  
**H BIYANI** ASHUTOSH BIYANI  
Date: 2024.11.12  
09:00:48 +05'30'

Ashutosh Biyani  
Partner  
M. No - 165017

Date - 12-11-2024  
Place - Mumbai  
UDIN No - 24165017BKCYTY8538

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read in conjunction with the "Restated Financial Statements" on page 110 of this Draft Letter of Offer. Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" on pages 22 and 17 respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.*

*Our restated financial statements included in this Draft Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Financial 2024, Financial 2023 and Financial 2022 included herein is based on the Restated Financial Statements, included in this Draft Letter of Offer. For further information, see "Restatement Financial Statements" on page 110 of this Draft Letter of Offer.*

### OVERVIEW OF OUR BUSINESS

Our Company is primarily engaged in the three business divisions i.e., (a) garment manufacturing; (b) trading of knitted fabric and knitted garments; and (c) selling of knitted garments which are manufactured. garment products covering all age group segments such as men's wear, ladies' wear, boys' wear, girls' wear and family wear. We use a variety of knitted fabrics such as 100% cotton, 100% polyester, blended (cotton and polyester) and printed polyester fabrics in the production of garments. We have well-established manufacturing units for designing, preparation of sample, quality inspection, ironing and packing of Garments that is equipped with all the necessary hi-tech machines and tools that are required for a modern manufacturing unit. We are getting sewing done of our products through job work, all the other activities related to the product manufacturing like cutting, checking, ironing, packing and dispatching from our in-house facilities Company's products are available in India through a network of wholesalers and distributors. Our business process includes use of yarn and fabrics during the manufacturing process. Besides, we are also able to offer our customers fabric alternatives for their existing collections thus, create important added values in terms of pricing, quality and delivery terms.

We have approximately 26,016 sq. ft. size area manufacturing plant located at Nethaji Apparel Park, Tirupur, Tamil Nadu i.e., in the city of "Knit City of India".

Apart from selling our products in the domestic market, we have exported our products to United Arab Emirates in the last financial year. Our Company has achieved this feat due to their servicing of the customers, a wide variety of products keeping in tune with the latest trends and delivering quality products.

### OUR BUSINESS STRATEGIES

#### 1. Distribution and Marketing Model:

Our Company aims to develop a comprehensive distribution and marketing strategy to effectively penetrate markets from Tier 2 to Tier 4 cities. This includes launching targeted promotional schemes, participating in industry exhibitions to broaden market reach, and investing in training for company personnel in sales, direct marketing, and technology. By enhancing these capabilities, our Company seeks to strengthen its presence and drive sales across diverse urban and rural markets.

#### 2. Manufacturing Partnerships:

Rather than investing in additional infrastructure, our Company will enter into agreements and contracts with established factories for garment production. We believe this approach will allow our Company to focus on leveraging its brand identity and marketing prowess, optimizing operational efficiency without the capital expenditure associated with new manufacturing facilities.

### **3. Digital Transformation:**

Our Company recognizes the importance of digital platforms in building its brand image and securing orders. By harnessing digital tools and channels, we believe our Company could increase its market visibility and accessibility, leading to a higher percentage of orders and a stronger online presence.

### **4. Investment in Human Resources:**

Training and developing personnel is a key component of our Company's strategy. Investment in human resources ensures that employees are well-equipped with the skills and knowledge needed to drive sales, manage operations, and support our Company's growth objectives effectively. Our Company seeks to leverage this opportunity to directly receive market information from the retailers about fast moving trends in the market.

### **5. Expand Market Reach:**

Our Company has started increasing its focus on sales through the distributor where we can expand the footprints in Central India with their customized products based on the trends and market requirements. We are also focusing on selling to the end mile with our Company's dedicated manpower assisting in business building for the distributor. Our Company would operate a model that is Company and distributor-operated. We believe the distribution marketing model would help reach us larger number of cities, enhancing our Company's market coverage and customer base. This strategic expansion aims to improve accessibility and visibility in both established and emerging markets.

### **6. *Develop cordial relationships with our Suppliers, Customer and employees***

We believe in maintaining good relationships with our Suppliers and Customers which is the most important factor to keep our company growing. Our dedicated and focused approach and efficient and timely delivery of products has helped us build strong relationships over number of years. We bag and place repetitive orders with our customers as well as with our suppliers respectively. For us, establishing strong, mutually beneficial long-term relationships and strategic supplier relationship management are critical steps in improving performance across the supply chain, generating greater cost efficiency and enabling the business to grow and develop.

### **7. Corporate Engagement in Tier 1 Cities:**

Our Company plans to engage with corporate clients in Tier 1 cities who lack direct marketing access. By targeting these organizations, our Company aims to tap into new business opportunities and enhance its market share in high-potential urban areas.

## **SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please refer section titled "Restated Financial Information" on page 110 of this Draft Letter of Offer.

## **CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS**

Except as mentioned in the Notes to the Accounts in the chapter "Restated Financial Information" on page 110 of this Draft Letter of Offer has been no change in accounting policies in last 3 years.

## **RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS**

The Examination Report issued by our Statutory Auditors has no reservations, qualifications and adverse remarks.

## RESULTS OF OPERATIONS

The following table sets out selected data from the Restated Financial Statements for Financial Year 2024 and Financial Year 2023, together with the percentage that each line item represents of our total revenue for the periods presented.

Particulars	FY 2024		FY 2023	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
<b>Income</b>				
Revenue from operations	16,413.01	99.91	17,197.43	99.85
Other Income	15.44	0.09	26.60	0.15
<b>Total Income</b>	<b>16,428.45</b>	<b>100.00</b>	<b>17,224.03</b>	<b>100.00</b>
<b>Expenses</b>				
Cost of materials consumed	16,116.23	98.10	14,331.08	83.20
Purchases of stock-in-trade	-	-	169.35	0.98
Changes in inventory	(1,303.58)	(7.93)	886.79	5.15
Employee Benefit Expenses	226.48	1.38	293.11	1.70
Finance Cost	416.30	2.53	377.01	2.19
Other Expenses	560.36	3.41	914.60	5.31
Depreciation and amortization expense	78.14	0.48	89.19	0.52
<b>Total Expenses</b>	<b>16,093.94</b>	<b>97.96</b>	<b>17,061.13</b>	<b>99.05</b>
Profit / (Loss) before exceptional items and Tax	334.51	2.04	162.90	0.95
Exceptional Items	0.97	0.01	0.34	0.002
Restated Profit /(Loss) before tax	<b>335.48</b>	<b>2.04</b>	<b>163.24</b>	<b>0.95</b>
<b>Tax Expense</b>				
Current Tax	86.22	0.52	46.95	0.27
Short/(Excess) provision of earlier year	0.98	0.01	25.11	0.15
Deferred Tax	0.88	0.01	(1.11)	(0.01)
<b>Profit / (Loss) After Tax</b>	<b>247.40</b>	<b>1.51</b>	<b>92.29</b>	<b>0.54</b>
<b>Other Comprehensive Income/(Loss)</b>				
Items that will not be reclassified to profit or loss	12.34	0.08	1.98	0.01
<b>Total Comprehensive Income /(Loss) for the Year</b>	<b>259.75</b>	<b>1.58</b>	<b>94.27</b>	<b>0.55</b>
<b>Total Comprehensive Income attributable to</b>				
- Owners of the parent	263.51	1.60	91.70	0.53
- Non-controlling interest	(3.76)	(0.02)	2.57	0.01
Earnings per Share (Basic) (in ₹)	0.26		0.09	
Earnings per Share (Diluted) (in ₹)	0.26		0.09	

### **Total income**

#### **Revenue from operations**

Our revenue from operations comprises of sale of products mainly fabrics and garments.

#### **Other Income**

Other income comprises of commission income, rental income and other miscellaneous income.

#### **Expenses**

Our expenses consist of employee benefit expense, finance cost, depreciation and amortisation expenses and other expenses.

***Employee benefit expenses***

Employee benefit expense consists of salaries, wages, bonus, gratuity, leave encashment, ex-gratia, contribution to provident and other funds and other staff welfare expenses.

***Finance Costs***

Finance Costs consists of interest expense and other borrowing cost.

***Depreciation and amortisation expenses***

Depreciation and amortization expenses consist of depreciation on tangible and intangible assets owned by our company and on right to use.

***Other expenses***

Other expenses include advertisement expenses, sales promotion expenses, commission and discount, freight and forwarding charges, insurance expenses, job work expense, office expenses, audit fees, power and fuel, professional and consultancy fees, rates and taxes, directors remuneration, rent, repairs and maintenance, telephone charges, travelling and conveyance expenses, water charges and other miscellaneous expenses.

***Tax expenses***

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

**Comparison of historical results of operations**

**Financial Year 2024 compared to Financial Year 2023**

***Total Revenue***

The total revenue for financial year ended March 31, 2024 decreased from ₹ 17,224.03 Lakhs during the financial year ended March 31, 2023 to ₹ 16,428.45 Lakhs, decrease of ₹ 795.58 Lakhs or 4.62 %. This decrease was due to decrease in revenue of sale of product by 4.56% and decrease in other income.

***Revenue from operations***

Our revenue from operations decreased from ₹ 17,197.43 Lakhs during the financial year ended March 31, 2023 to ₹ 16,413.01 Lakhs in financial year ended March 31, 2024, decrease of ₹ 784.42 Lakhs or 4.56%. This was mainly due to decrease in revenue of sale of product by 4.56%.

***Other income***

Other income decreased from ₹ 26.60 Lakhs during the financial year ended March 31, 2023 to ₹ 15.44 Lakhs in financial year ended March 31, 2024, decrease of ₹ 11.16 Lakhs. This decrease was due to decrease in other income.

***Expenses***

Our total expenses decreased from ₹ 17,061.13 Lakhs for the financial year ended March 31, 2023 to ₹ 16,093.94 Lakhs for the financial year ended March 31, 2024 which was decrease of ₹ 967.19 Lakhs or 5.67%. This was due to decrease in employees benefit expenses, depreciation and amortization expense, increase in finance costs and overall decrease in other expenses.



### ***Employee benefit expenses***

Employee benefits expense for the year ended March 31 2024 was ₹ 226.48 Lakhs compared to ₹ 293.11 Lakhs for the year ended March 31, 2023. This was decrease of ₹ 66.62 Lakhs or 22.73% over the previous year. This was majorly due to decrease in salaries and staff welfare expenses.

### ***Finance Costs***

Finance costs for the year ended March 31, 2024 was ₹ 416.30 Lakhs as compared to ₹ 377.01 Lakhs for the year ended March 31, 2023, an increase of ₹ 39.28 Lakhs or 10.42% This was due to an increase in borrowings.

### ***Cost of material consumed***

Cost of material consumed for the year ended March 31, 2024 was ₹ 16,116.23 Lakhs as compared to ₹ 14,331.08 Lakhs for the year ended March 31, 2023, an increase of ₹ 1,785.15 Lakhs or 12.46% This was due to an increase in purchase and manufacturing expenses.

### ***Purchases of stock-in-trade***

*Purchases of stock-in-trade* for the year ended March 31, 2024 was Nil as compared to ₹ 169.35 Lakhs for the year ended March 31, 2023.

### ***Depreciation and Amortisation Expense***

Depreciation and amortization expense for the year ended March 31, 2024 was ₹ 78.14 Lakhs as compared to ₹ 89.19 Lakhs for the year ended March 31, 2023, decrease of ₹ 11.05 Lakhs. This was due to disposal of asset during the financial year ended March 31, 2024.

### ***Other expenses***

Other expenses for the year ended March 31, 2024 was ₹ 560.36 Lakhs as compared to ₹ 914.60 Lakhs for the year ended March 31, 2023, decrease of ₹ 354.24 Lakhs or 38.73 % over the previous year. This was majorly due to major decrease in advertisement expenses, commission and discount, freight and forwarding charges, job work charges, professional and consultancy fees, directors' remuneration, repair and maintenance, travelling and conveyance and other administrative charges etc during the year ended March 31, 2024.

### ***Profit/(Loss) before Tax after Exceptional Item***

The profit before tax for the year ended March 31, 2024 was ₹ 335.48 Lakhs after adjusting 0.97 Lakhs profit of exceptional item as compared to ₹ 163.24 Lakhs after adjusting profit of exceptional item of Rs 0.34 Lakhs for the year ended March 31, 2023, an increase of ₹ 172.24 Lakhs or 105.51%. This was mainly due to decrease in total expenses as compared to the total expenses of the previous year.

### ***Taxation***

There is change in deferred tax, current tax and short/(excess) provision of earlier years in the year ended March 31, 2024 as compared to year ended on March 31, 2023. Deferred tax was ₹ (1.11) Lakhs in 2023 as compared to ₹ 0.88 in the year 2024, Current year tax was ₹ 46.95 Lakhs in 2023 as compared to ₹ 86.22 in the year 2024 and short/(excess) provision of earlier years was ₹ 25.11 Lakhs in 2023 as compared to ₹ 0.98 in the year 2024.

### ***Profit/Loss after Tax***

As a result of the aforesaid, Our Company earned a profit for the year for the year ended March 31, 2024 of ₹ 247.40 Lakhs as compared to ₹ 92.29 Lakhs for the financial year ended March 31, 2023.

**The following table sets out selected data from the Restated Financial Statement for Financial Year 2023 and Financial Year 2022, together with the percentage that each line item represents of our total revenue for the periods presented.**

Particulars	FY 2023		FY 2022	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
<b>Income</b>				
Revenue from operations	17,197.43	99.85	20,389.88	99.89
Other Income	26.60	0.15	21.57	0.11
<b>Total Income</b>	<b>17,224.03</b>	<b>100.00</b>	<b>20,411.45</b>	<b>100.00</b>
<b>Expenses</b>				
Cost of materials consumed	14,331.08	83.20	17,016.11	83.37
Purchases of stock-in-trade	169.35	0.98	1,273.74	6.24
Changes in inventory	886.79	5.15	8.60	0.04
Employee Benefit Expenses	293.11	1.70	312.65	1.53
Finance Cost	377.01	2.19	357.58	1.75
Other Expenses	914.60	5.31	890.36	4.36
Depreciation and amortization expense	89.19	0.52	96.42	0.47
<b>Total Expenses</b>	<b>17,061.13</b>	<b>99.05</b>	<b>19,955.46</b>	<b>97.77</b>
Profit / (Loss) before exceptional items and Tax	162.90	0.95	455.99	2.23
Exceptional Items	0.34	0.002	0.07	0.0004
Restated Profit / (Loss) before tax	<b>163.24</b>	<b>0.95</b>	<b>456.06</b>	<b>2.23</b>
<b>Tax Expense</b>				
Current Tax	46.95	0.27	92.08	0.45
Short/(Excess) provision of earlier year	25.11	0.15	9.12	0.04
Deferred Tax	(1.11)	(0.01)	(3.62)	(0.02)
<b>Profit / (Loss) After Tax</b>	<b>92.29</b>	<b>0.54</b>	<b>358.48</b>	<b>1.76</b>
<b>Other Comprehensive Income/(Loss)</b>				
Items that will not be reclassified to profit or loss	1.98	0.01	28.41	0.14
<b>Total Comprehensive Income / (Loss) for the Year</b>	<b>94.27</b>	<b>0.55</b>	<b>386.89</b>	<b>1.90</b>
<b>Total Comprehensive Income attributable to</b>				
- Owners of the parent	91.70	0.53	328.79	1.61
- Non-controlling interest	2.57	0.01	58.10	0.28
Earnings per Share (Basic) (in ₹)	0.09		0.39	
Earnings per Share (Diluted) (in ₹)	0.09		0.39	

## Comparison of Historical Results of Operations

### Financial Year 2023 compared to Financial Year 2022

#### *Total Revenue*

The total revenue for financial year ended March 31, 2023 decreased from ₹ 20,411.45 Lakhs during the financial year ended March 31, 2022 to ₹ 17,224.03 Lakhs, decrease of ₹ 3,187.42 Lakhs or 15.62 %. This decrease was due to decrease in revenue of sale of product by 15.66% and increase in other income.

#### *Revenue from operations*

Our revenue from operations decreased from ₹ 20,389.88 Lakhs during the financial year ended March 31, 2022 to ₹ 17,197.43 Lakhs in financial year ended March 31, 2023, decrease of ₹ 3,192.45 Lakhs or 15.66%. This was mainly due to decrease in revenue of sale of product by 15.66%.

### ***Other income***

Other income increased from ₹ 21.57 Lakhs during the financial year ended March 31, 2022 to ₹ 26.60 Lakhs in financial year ended March 31, 2023, increase of ₹ 5.03 Lakhs. This increase was due to increase in commission income.

### ***Expenses***

Our total expenses decreased from ₹ 19,955.46 Lakhs for the financial year ended March 31, 2022 to ₹ 17,061.13 Lakhs for the financial year ended March 31, 2023 which was decrease of ₹ 2,894.33 Lakhs or 14.50%. This was due to decrease in employees benefit expenses, depreciation and amortization expense, increase in finance costs, decrease in cost of raw material consumed and purchases of stock-in-trade.

### ***Employee benefit expenses***

Employee benefits expense for the year ended March 31 2023 was ₹ 293.11 Lakhs compared to ₹ 312.65 Lakhs for the year ended March 31, 2022. This was decrease of ₹ 19.54 Lakhs or 6.25% over the previous year. This was majorly due to decrease in salaries, gratuity and staff welfare expenses.

### ***Finance Costs***

Finance costs for the year ended March 31, 2023 was ₹ 377.01 Lakhs as compared to ₹ 357.58 Lakhs for the year ended March 31, 2022, an increase of ₹ 19.43 Lakhs or 5.43% This was due to an increase in interest expenses and other borrowing costs.

### ***Cost of material consumed***

Cost of material consumed for the year ended March 31, 2023 was ₹ 14,331.08 Lakhs as compared to ₹ 17,061.11 Lakhs for the year ended March 31, 2022, decrease of ₹ 2,685.03 Lakhs or 15.78% This was due to decrease in purchase and manufacturing expenses.

### ***Purchases of stock-in-trade***

*Purchases of stock-in-trade* for the year ended March 31, 2023 was ₹ 169.35 as compared to ₹ 1,273.74 Lakhs for the year ended March 31, 2022.

### ***Depreciation and Amortisation Expense***

Depreciation and amortization expense for the year ended March 31, 2023 was ₹ 89.19 Lakhs as compared to ₹ 96.42 Lakhs for the year ended March 31, 2022, decrease of ₹ 7.23 Lakhs. This was due to less addition of assets during the financial year ended March 31, 2023 as compared to addition of assets during the financial year ended March 31, 2022.

### ***Other expenses***

Other expenses for the year ended March 31, 2023 was ₹ 914.60 Lakhs as compared to ₹ 890.36 Lakhs for the year ended March 31, 2022, an increase of ₹ 24.24 Lakhs or 2.72 % over the previous year. This was majorly due to increase in advertisement expenses, commission and discount, job work charges, directors' remuneration etc during the year ended March 31, 2023.

### ***Profit/(Loss) before Tax after Exceptional Item***

The profit before tax for the year ended March 31, 2023 was ₹ 163.24 Lakhs after adjusting 0.34 Lakhs profit of exceptional item as compared to ₹ 456.06 Lakhs after adjusting profit of exceptional item of Rs 0.07 Lakhs for the year ended March 31, 2022, decrease of ₹ 292.82 Lakhs or 64.21%. This was mainly due to decrease in total revenue as compared to the total revenue of the previous year.

### **Taxation**

There is change in deferred tax, current tax and short/(excess) provision of earlier years in the year ended March 31, 2023 as compared to year ended on March 31, 2022. Deferred tax was ₹ (3.62) Lakhs in 2022 as compared to ₹ (1.11) in the year 2023, Current year tax was ₹ 92.08 Lakhs in 2022 as compared to ₹ 46.95 in the year 2023 and short/(excess) provision of earlier years was ₹ 9.12 Lakhs in 2022 as compared to ₹ 25.11 in the year 2023.

### **Profit/Loss after Tax**

As a result of the aforesaid, Our Company earned a profit for the year for the year ended March 31, 2023 of ₹ 92.29 Lakhs as compared to ₹ 358.48 Lakhs for the financial year ended March 31, 2022.

### **CASH FLOWS**

The following table sets forth certain information relating to our consolidated cash flows:

Particulars	(₹ in Lakhs)		
	March 31, 2024	March 31, 2023	March 31, 2022
Net Cash Flow from Operating Activities (A)	822.56	426.06	187.56
Net Cash Flow used in Investing Activities (B)	(565.87)	2.76	(202.43)
Net Cash Flow used in Financing Activities (C)	3,289.86	(661.26)	141.73
<b>Net increase / (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>3,546.55</b>	<b>(232.45)</b>	<b>126.86</b>
Cash and cash equivalents at the beginning of the year/period	33.09	265.54	138.67
<b>Cash and cash equivalents at year/ period end</b>	<b>3,579.64</b>	<b>33.09</b>	<b>265.54</b>

#### **Cash generated from Operating Activities**

Net cash generated from operating activities for the year ended March 31, 2024 was ₹ 822.56 Lakhs as compared to the profit/(loss) before tax of ₹ 335.48 Lakhs for the same period. This difference is primarily on account of exceptional item, depreciation, finance costs, provision of gratuity, provision for impairment loss on debtors, cash outflow towards finance cost.

Net cash generated from operating activities for the year ended March 31, 2023 was ₹ 426.06 Lakhs as compared to the profit/(loss) before tax of ₹ 163.24 Lakhs the same period. This difference is primarily on account of exceptional item, depreciation, finance costs, provision of gratuity, cash outflow towards finance cost.

Net cash generated from operating activities for the year ended March 31, 2022 was ₹ 187.56 Lakhs as compared to the profit/(loss) before tax of ₹ 456.06 Lakhs the same period. This difference is primarily on account of exceptional item, depreciation, finance costs, provision of gratuity, cash outflow towards finance cost.

#### **Net Cash used in/generated from Investing Activities**

Net cash used in investing activities for the year ended March 31, 2024 was ₹ (565.87) Lakhs. This was on account of proceeds from purchase/sale of plant, property and equipment, investments and short-term/long-term loans and advances.

Net cash generated from investing activities for the year ended March 31, 2023 was ₹ 2.76 Lakhs. This was on account of proceeds from purchase/sale of plant, property and equipment and short-term/long-term loans and advances.

Net cash used in investing activities for the year ended March 31, 2022 was ₹ (202.43) Lakhs. This was on account of proceeds from purchase/sale of plant, property and equipment, intangible assets, investments and short-term/long-term loans and advances.

#### **Net Cash used in/generated from Financing Activities**

Net cash generated from financing activities for the year ended March 31, 2024 was ₹ 3,289.86 Lakhs. This was on account of finance cost and proceeds from current/non-current borrowings in the same year.

Net cash used in financing activities for the year ended March 31, 2023 was ₹ (661.26) Lakhs. This was on account of finance cost, proceeds from current borrowings, repayment of non-current borrowings, decrease in non-current liabilities in the same year.

Net cash generated from financing activities for the year ended March 31, 2022 was ₹ 141.73 Lakhs. This was on account of finance cost proceeds from current borrowings and repayment of non-current borrowings in the same year

#### **Contingent Liabilities**

We have contingent liabilities of ₹ 91.72 lakhs during the financial year ended March 31, 2024, and no contingent liabilities for March 31, 2023 and March 31, 2022.

#### **Off-Balance Sheet Arrangements**

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

#### **RELATED PARTY TRANSACTIONS**

For details of our related party transactions, see “*Restated Financial Information - Related Party Transactions*” on page 110 of this Draft Letter of Offer.

#### **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as described in the section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” on page 22 and page 111 respectively of this Draft 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 Draft Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

#### **Significant economic/regulatory changes**

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Except as disclosed in this Draft Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

#### **Major changes in these factors can significantly impact income from continuing operations.**

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled “Risk Factors” on page 22 of this Draft 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 section titled “Risk Factors” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” on page 22 and 111 respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

**The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

The increase in revenue is by and large linked to increase in volume of all the activities carried out by the Company.

**Competitive Conditions**

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths we will be able to stay competitive. For further details, kindly refer the chapter titled “Our Business” on page 78 of this Draft Letter of Offer.

**New Product or Business Segment**

Except as disclosed in “Our Business” on page 78 of this Draft Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

**Seasonality of Business**

Our Company’s business is not seasonal in nature.

**Significant dependence on a Single or Few Suppliers or Customers**

Other than as described in this Draft Letter of Offer, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

**Significant Developments since last balance sheet date**

Except as mentioned below, no circumstances have arisen since the date of last financial statement until the date of filing this Draft Letter of Offer, which materially and adversely affect or are likely to affect the operations or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months. There is no subsequent development after the date of the Auditor’s Report, which will have a material impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company.

Significant developments since the last audited balance sheet as on March 31, 2024 till the date of this Draft Letter of Offer: -

Our Company has issued bonus equity shares in the ration of 1:1 (i.e., one new fully paid- up equity share for every 1 existing fully paid - up equity share) approved vide extra-ordinary general meeting dated August 03, 2024 for consideration other than cash.

## MARKET PRICE INFORMATION

Our Company's Equity Shares have been listed and being traded on the BSE.

- i. Year is a Financial Year;
- ii. Average price is the average of the daily closing prices of the Equity Shares for the year, or the month, as the case may be;
- iii. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares, as the case may be, for the year, or the month, as the case may be; and
- iv. In case of two days with the same high / low / closing price, the date with higher volume has been considered.

### Stock Market Data of the Equity Shares

The high, low and average market closing prices recorded on the Stock Exchanges during the last three years and the number of Equity Shares traded on these days are stated below:

#### BSE Limited

Financial Year	High (In ₹)	Date of High	Number of shares traded on date of High	Total volume traded on date of High (in ₹)	Low (In ₹)	Date of Low	Number of shares traded on date of low	Total Volume traded on date of Low (in ₹)	Average Price for the Year
2022	227.00	18.08.2021	25,196	55,00,179	80.10	19.04.2021	3,510	2,96,790	134.33
2023	11.10	01.04.2022	6,22,700	64,59,526	3.76	29.08.2022	56,586	2,40,077	5.58
2024	9.22	06.02.2024	1,00,40,090	9,07,61,275	3.78	29.08.2023	2,13,363	9,41,514	5.20

(Source: [www.bseindia.com](http://www.bseindia.com))

*Notes: High, low and average prices are based on the daily closing prices.*

*In case of two days with the same high or low price, the date with the high volume has been considered.*

### Market Prices for the last six calendar months

The total number of days that the Equity Shares were traded on the BSE during the last 6 calendar months i.e. June 2024 to November 2024 was 124 Days. The average volume of the Equity Shares traded on the BSE were 9,75,191 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective date on BSE during the last 6 calendar months preceding the date of filing of this Draft Letter of Offer are as follows:

Month	High (In ₹)	Date of High	Number of shares traded on date of High	Total volume traded on date of High (in ₹)	Low (In ₹)	Date of Low	Number of shares traded on date of low	Total Volume traded on date of Low (in ₹)	Average Price for the month
June 2024	6.99	19.06.2024	4,48,638	30,36,929	4.82	05.06.2024	2,65,136	13,34,133	6.08
July 2024	8.09	15.07.2024	16,87,089	1,28,80,821	6.05	08.07.2024	10,65,542	68,77,565	6.66
August 2024	7.47	28.08.2024	40,34,718	2,97,07,049	5.71	12.08.2024	15,16,175	94,07,032	6.49
September 2024	7.20	02.09.2024	26,81,163	1,87,87,029	2.71	26.09.2024	10,52,700	29,12,345	3.26
October 2024	2.90	14.10.2024	8,01,951	22,37,686	2.20	28.10.2024	4,81,401	11,48,518	2.60
November 2024	2.71	04.11.2024	6,37,479	16,75,561	2.28	25.11.2024	5,99,629	14,70,400	2.48

(Source: [www.bseindia.com](http://www.bseindia.com))

*In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.*

The Board of our Company has approved the Issue at their meeting held on January 10, 2024 and January 11, 2024. The high and low prices of our Company's shares as quoted on BSE on January 12, 2024, the day on which the trading happened immediately following the date of the Board meeting is as follows:

<b>Date</b>	<b>Volume (in ₹)</b>	<b>Highest Price (in ₹)</b>	<b>Lowest Price (in ₹)</b>
January 12, 2024	25,04,343	6.80	6.11

*(Source: [www.bseindia.com](http://www.bseindia.com))*



## **SECTION VII – LEGAL AND OTHER INFORMATION**

Except as stated in this section, there are no outstanding (I) criminal proceedings (II) actions taken by statutory or regulatory authorities, (III) disciplinary action including penalty imposed by the SEBI or stock exchanges against our Promoters in the last five (5) Financial Years, including outstanding action, (IV) claims related to direct and indirect taxes in a consolidated manner, (V) details of any other pending material litigation which are determined to be material as per a policy adopted by our Board (“Materiality Policy”), in each case involving our Company, Promoters and Directors (the “Relevant Parties”). For the purpose of point (V) above, our Board has considered and adopted a policy of materiality for identification of material litigation involving the Relevant Parties before coming up with the Initial Public Offer on March 05, 2016. The same has been revised in its meeting held on August 14, 2023 and has considered and adopted a policy of materiality for identification of material litigation involving the Relevant Parties. In terms of the Materiality Policy, all pending litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory authorities and statutory authorities, disciplinary action including penalty imposed by SEBI or stock exchanges against the Promoters in the last five (5) Fiscals Years including outstanding action, and tax matters, would be considered ‘material’ if: (a) two percent of turnover, as per the last audited consolidated financial statements of the Company; or (b) Two percent of net worth, except in case of the arithmetic value of the networth is negative, as per the last audited consolidated financial statements of the Company; five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the Company. Accordingly, any transactions exceeding the lower of (a), (b) and (c) above, with an annual impact in value, will be considered for the above purposes. Except as stated in this section, there are no Outstanding Material Dues (as defined below) to creditors; or outstanding dues to small scale undertakings and other creditors. Unless otherwise stated to the contrary, the information provided is as of the date of this Letter of Offer. Details of outstanding dues to creditors (including micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006) as required under the SEBI ICDR Regulations have been disclosed on our website at [www.garmentmantra.com](http://www.garmentmantra.com). It is clarified that for the purposes of the above, pre-litigations notices received by our Company Promoters, and the Directors shall, unless otherwise decided by the Board, not be considered as material litigations until such time that litigations proceedings are initiated before any judicial forum. All terms defined in a particular litigation disclosure pertain to that litigation only.

### **Litigation involving our Company**

#### **A. *Litigation filed against our Company***

- i. Criminal proceedings  
Nil
- ii. Outstanding actions by regulatory and statutory authorities  
  
Nil
- iii. Civil proceedings  
Nil
- iv. Litigation involving Taxation

The matter pertains to an appeal filed by Garment Mantra Lifestyle Limited before the Tribunal, challenging an order issued by the Assistant Commissioner of GST & Central Excise, Tirupur Division. The appeal arises from a dispute regarding the alleged excess availment of Input Tax Credit (ITC) for the Assessment Year 2018-19. The GST authority, through Order No. 3CEEXM0605A122300380, has raised a financial claim against the company amounting to Rs. 91,72,164, contending that the ITC was availed beyond permissible limits. Garment Mantra Lifestyle Limited disputes the order and seeks relief through the present appeal. The matter is currently pending before the Tribunal, and the next date of hearing is awaited.

#### **B. *Litigation filed by our Company***

- i. Criminal proceedings  
Nil
- ii. Civil proceedings

Our Company and Hylex Fashions Private Limited (Formerly known as M/s Jannat Fabrics and Apparels Private Limited), the applicants in the case before the District Legal Services Authority, Tirupur, have filed a dispute against Axis Bank. The problems include false pre-closure costs, unauthorized account debits, and a delay in delivering title documents even after the loan has been fully repaid. The applicants contend that Axis Bank wrongfully withheld their title documents and assessed pre-closure expenses totalling Rs. 41,30,019 without cause. Even though they paid back their loans through Union Bank, Axis Bank insisted on pre-closure fees and debited their accounts and transferred the money again. Reluctantly, the Applicants paid 1% of these fees to get their documents after protracted negotiations. They are now requesting reimbursement for the fees, damages for the wait, and reimbursement for the incorrect debiting of their accounts. After failing to reach a settlement through dialogue with the bank, the applicants were constrained to approach the District Legal Services Authority for Pre-Suit Mediation and resolution of dispute. Thus, the total quantum involved in the dispute is Rs. 41,30,019 which covers wrongful pre-closure charges, compensation for delay in returning title documents and estimated loss from illegal debiting of the account.

- iii. Tax Proceedings  
Nil

### **Litigation involving our Directors**

#### ***A. Litigation filed against our Directors***

- i. Criminal proceedings  
Nil
- ii. Civil proceedings  
Nil
- iii. Outstanding actions by regulatory and statutory authorities  
Nil

#### ***B. Litigation filed by our Directors***

- i. Criminal proceedings  
AKPS Nidhi Ltd., through its directors, entered into a financial arrangement with Prem Aggarwal, Managing Director of our Company, for a loan of Rs. 25 crores. Pursuant to this arrangement, Mr. Aggarwal deposited a sum of Rs. 500.00 lakhs, which was secured by availing a personal loan from moneylenders at a high rate of interest. Despite assurances and issuance of a pre-sanction advice, the loan amount was not disbursed as promised. Instead, the Directors of AKPS Nidhi Ltd. issued cheques which were subsequently dishonored due to insufficient funds.

Following repeated delays and unsubstantiated justifications, Mr. Aggarwal sought a refund of the deposited amount. A Memorandum of Understanding (MOU) was executed wherein AKPS Nidhi Ltd. acknowledged liability for a sum of Rs. 435.00 lakhs, inclusive of interest. However, despite this acknowledgement, further cheques were issued, including one for Rs. 145 lakhs, which was dishonoured upon presentation.

Consequently, our director, through legal representation, has issued a notice under Section 138 of the Negotiable Instruments Act, 1881, demanding payment of Rs. 145.00 lakhs within 15 days of receipt of the notice. AKPS Nidhi Ltd. failed to comply with the demand of payment as stipulated in the notice. Our Director, therefore, had filed a complaint before the Hon'ble Chief Judicial Magistrate, Tirpur which is currently pending.

- ii. Civil proceedings  
Nil
- iii. Tax proceedings  
Nil

**Litigation involving our Promoters**

***A. Litigation filed against our Promoters***

- i. Criminal proceedings  
Nil
- ii. Civil proceedings  
Nil
- iii. Outstanding actions by regulatory and statutory authorities  
Nil

***B. Litigation filed by our Promoters***

- i. Criminal proceedings  
Nil
- ii. Civil proceedings  
Nil
- iii. Tax proceedings  
Nil

**Litigations involving our Subsidiary**

Our Company does not have any subsidiary as on date of the filing of this Draft Letter of Offer other than as stated below.

The matter involves an appeal filed by Jannat Fabrics and Apparels Private Limited before the Tribunal, challenging an order passed by the Assistant Commissioner (S.T), Rural, Tirupur. The appeal is in connection with the refund claim for the Assessment Year 2015-16 under the Tamil Nadu Value Added Tax Act, 2006, wherein the company contends that excess tax was wrongfully collected. The appeal seeks a refund of the wrongfully collected tax amount. The matter is presently pending before the Tribunal and the next hearing is scheduled on January 17, 2025.

- Outstanding Dues to Small Scale Undertakings or any Other Creditors as of March 31, 2024, our Company has 238 creditors (including micro, small and medium enterprises), and the aggregate outstanding dues to these creditors by our Company are Rs. 2788.28 Lakhs.
- Material Developments Other than as stated in chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of this there have not arisen, since the date of the Limited Reviewed Financial Statements disclosed in this Letter of Offer, any circumstances which materially and adversely affect, or are likely to affect, our trading, our profitability or the value of our assets or our ability to pay our liabilities within the next six months.
- Disclosures pertaining to Wilful Defaulters or a Fraudulent Borrower Neither our Company nor our Promoters and Directors have been categorized or identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

## **GOVERNMENT AND OTHER STATUTORY APPROVALS**

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled “*Objects of the Issue*” at page 56 of this Draft Letter of Offer.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Board of Directors in its meetings dated January 10, 2024 and January 11, 2024, have authorized this Issue under Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

The Rights Issue Committee of the Board of Directors has, at its meeting held on [•], determined the Issue Price as ₹ [•]/- per Rights Equity Share (including a premium of ₹ [•]/- per Rights Equity Share), and the Rights Entitlement as [•] Rights Equity Shares for every [•] Equity Shares held on the Record Date

On Application, Investors will have to pay ₹[•]- (Rupees [•] Only) per Rights Equity Share which constitutes 25.00% (Twenty Five Percent) of the Issue Price, and the balance ₹[•]/- (Rupees [•]) per Rights Share which constitutes 75.00% (Seventy Five Percent) of the Issue Price, will have to be paid, on one or more additional calls as may be decided by the Board/ Rights Issue Committee of the Board from time to time.

Our Company has received 'in-principle' approvals from BSE in accordance with Regulation 28 of SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted pursuant to the Issue, through their letter dated [•].

Our Company has been allotted the ISIN '[•]' for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, please see "*Terms of the Issue*" on page 133.

### Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital markets or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Our Promoters and our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors or Promoter are associated with the securities market in any manner and there are no violations of securities laws committed by any of them in the past or pending against them. There are no outstanding action(s) initiated by SEBI against the Directors of our Company in the five years preceding the date of this Draft Letter of Offer.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

### Prohibition by RBI

As on date of this Draft Letter of Offer, neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the Reserve Bank of India. Except as disclosed in this Draft Letter of Offer, there are no violations of securities laws committed by them in the past or are currently pending against any of them.

### Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company and our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them, as on date of this Draft Letter of Offer.

### Eligibility for the Issue

Our Company is a listed company, incorporated under Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR

Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

### **Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

### **DISCLAIMER CLAUSE OF SEBI**

This Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to ₹ 4,800 lakhs. The present Issue being of less than ₹ 5,000 lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI i.e., [www.sebi.gov.in](http://www.sebi.gov.in).

### **Disclaimer from our Company and our Directors**

Our Company and our Directors accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website <https://www.garmentmantra.com/> or the respective websites of our Promoter Group, the affiliates of our Company would be doing so at his or her own risk.

All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Investors will be required to confirm and will be deemed to have represented to our Company and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

### **Disclaimer in respect of Jurisdiction**

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Tirupur, Tamil Nadu, India only.

### **Disclaimer Clause of BSE**

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with the Stock Exchange.

## **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of the Issue is BSE.

## **Listing**

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

## **Selling Restrictions**

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer and the Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer and the Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer and the Letter of Offer, Abridged Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with the Stock Exchanges and the Letter of Offer will be filed with SEBI for its information and record and the Stock Exchanges.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

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

**THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR**

**RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.**

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

Our Company, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed "Overseas Shareholders" to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

**NO OFFER IN ANY JURISDICTION OUTSIDE INDIA**

**NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER AND THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER AND THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.**

**Consents**

Consents in writing of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, legal advisor, consultant, the Registrar to the Issue and the Banker to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.



## **Expert Opinion**

Our Company has received written consent dated [•] from the Statutory Auditor to include its name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated [•] on our Restated Financial Statements for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022; and (ii) Statement of Tax Benefits dated [•] in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Except for the abovementioned documents, provided by our Statutory Auditor, our Company has not obtained any expert opinions.

## **Performance vis-à-vis objects – Public/Rights Issue of our Company**

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer. Further, there have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

## **Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates**

As on date of this Draft Letter of Offer, all of our Subsidiary/ Associate Companies are unlisted and have not made a public issue of shares.

## **Stock Market Data of the Equity Shares**

Our Equity Shares are listed and traded on BSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “*Market Price Information*” on page 121 of this Draft Letter of Offer.

## **NOTICE TO INVESTORS**

**NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS DRAFT LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS DRAFT LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS.**

## **Filing**

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

## **Mechanism for Redressal of Investor Grievances**

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Services Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

## **Investor Grievances arising out of this Issue**

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “*Terms of the Issue*” beginning at page 133 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

### **Bigshare Services Private Limited**

Office No S6-2, 6th floor Pinnacle Business Park,  
Next to Ahura Centre, Mahakali Caves Road,  
Andheri (East) Mumbai - 400093, India.

**Telephone:** +91 22 6263 8200

**E-mail:** rightsissue@bigshareonline.com

**Website:** www.bigshareonline.com

**Investor grievance:** inverstor@bigshareonline.com

**SEBI Registration No:** MB/INR000001385

**Contact person:** Mr. Suraj Gupta

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

**Lakshmi Priya. K,** Company Secretary of our Company. Her contact details are set forth hereunder.

No. 15, Murthy's Plaza, Karia Gounder Street,  
Khaderpet, Tirupur-641601,  
Tamil Nadu, India

**Telephone:** +91- 8754098957/+91-421-4336896

**Fax No.:** NA

**E-mail:** companysecretary@junctionfabrics.in

## **SECTION VIII – ISSUE INFORMATION**

### **TERMS OF THE ISSUE**

*This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft 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 Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Master Circular, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.*

*Investors are requested to note that application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.*

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

The Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India 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.

#### **I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS**

In accordance with the SEBI ICDR Regulations and SEBI Master Circular, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, 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 physically dispatched by registered or speed post, on a reasonable effort basis, to the Indian addresses provided by them. Further, this Draft Letter of Offer and the 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.

Investors can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

- (i) our Company at [www.garmentmantra.com](http://www.garmentmantra.com);
- (ii) the Registrar at [www.bigshareonline.com](http://www.bigshareonline.com); and
- (iii) the Stock Exchanges at [www.bseindia.com](http://www.bseindia.com)

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 by registered or speed post, on a reasonable effort basis, to the Indian addresses provided by them.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., [www.bigshareonline.com](http://www.bigshareonline.com)) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical/demat form as on Record Date). The link for the same shall also be available on the website of our Company (i.e., [www.garmentmantra.com](http://www.garmentmantra.com)).

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue materials, including this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with the 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 Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Draft Letter of Offer, the 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 requirement for our Company or our affiliates to make any filing or registration (other than in India).

Our Company is undertaking the Issue on a rights basis to the Eligible Equity Shareholders and will send this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid email addresses and an Indian address to our Company.

This Draft Letter of Offer is being provided, primarily 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.

## II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Master Circular, all Investors desiring to make an Application in the 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.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in the 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 “*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 150 of this Draft Letter of Offer.

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 the 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 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 on Application as stated in the Application Form will be blocked by the SCSB.

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.

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 “*Grounds for Technical Rejection*” on page 146 of this Draft Letter of Offer.

Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*- Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” starting from page 137 of this Draft Letter of Offer.

- **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. Details of each of the Eligible Equity Shareholders’ Rights Entitlement will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at [www.bigshareonline.com](http://www.bigshareonline.com) and link of the same would also be available on the website of our Company at [www.garmentmantra.com](http://www.garmentmantra.com). Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

1. apply for its Rights Equity Shares to the full extent of its Rights Entitlements; 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 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 and apply for Additional Rights Equity Shares; or
5. renounce its Rights Entitlements in full.

**Making of an Application through the ASBA process**

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the 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.

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.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to [www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34](http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34). Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of 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 the Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, their directors, employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

**Do's:**

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) 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.
- (c) 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.
- (d) 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.
- (e) 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.
- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

- (g) 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.
- (h) 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.
- (i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

**Don'ts:**

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- (c) Do not send your physical Application to the Registrar, the Banker to the Issue, 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.
- (d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- (e) Do not submit Application Form using third party ASBA account.
- (f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (g) Do not submit multiple Applications.
- (h) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (i) Do not pay the Application Money in cash, by money order, pay order or postal order.

**Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in case of non-receipt of Application Form as detailed above and only such plain paper applications which provide all the details required in terms of Regulation 78 of SEBI ICDR Regulations shall be accepted by SCSBs. In such cases of non-receipt of the Application Form through 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 the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, the Stock Exchanges.

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 Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. The Application on plain paper, duly signed by the Eligible Equity Shareholder including 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 Garment Mantra Lifestyle 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 Equity Shares applied for pursuant to the 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 ₹ [●] 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); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “*Restrictions on Foreign Ownership of Indian Securities*” on page 163 of this Draft Letter of Offer and shall include the following:

*“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Foreign Ownership of Indian Securities” on page 163 of the Draft Letter of Offer.*

*I/ We acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”*

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 and the Registrar not having any liability to the Investor.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

**Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master Circular, the credit of Rights Entitlements and Allotment of Rights 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 the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those 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 the Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The remaining procedure for Application shall be same as set out in “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” starting from page 136 of this Draft Letter of Offer.

In accordance with the SEBI Master Circular, Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to 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 Rights Equity Shares while submitting the Application through ASBA process.

**PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

#### **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 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 “*Basis of Allotment*” on page 157.

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.

Additional general instructions for Investors in relation to making of an Application

- (a) Please read this Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) 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 Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” starting from page 136.
- (d) 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 Exchanges.
- (e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar.

- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, folio number, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under the 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 the 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 intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- (h) 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.
- (i) 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.
- (j) Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- (k) 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.
- (l) 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 the 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.
- (m) 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.
- (n) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (o) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and FEMA Rules.
- (p) 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 and September 17, 2021.

## PRINCIPAL TERMS OF THIS ISSUE

<b>Face Value</b>	Each Rights Equity Share will have the face value of ₹1.00/- (Rupees One Only).
<b>Issue Price</b>	₹[●] per Rights Equity Share issued in 1 (One) Rights Entitlement, (i.e. ₹[●] per Rights Equity Share, including a premium of ₹[●] (Rupees [●] Only) per Rights Share). On Application, Investors will have to pay ₹[●] (Rupees [●] Only) per Rights Equity Share which constitutes 25.00% (Twenty Five Percent) of the Issue Price, and the balance ₹[●]/- (Rupees [●]) per Rights Share which constitutes 75.00% (Seventy Five Percent) of the Issue

	Price, will have to be paid, on one or more additional calls as may be decided by the Board/ Rights Issue Committee of the Board from time to time.
<b>Rights Entitlements Ratio</b>	The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date i.e., [●][●].
<b>Renunciation of Rights Entitlements</b>	<p>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.</p> <p>The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and <i>vice versa</i> 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.</p> <p>The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges ("On-Market Renunciation") or through an off market transfer.. For details, see '<i>Procedure for Renunciation of Rights Entitlements</i>' on page 151 of this Letter of Offer.</p> <p>In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least 2 (Two) Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.</p>
<b>Credit of Rights Entitlements in dematerialised account</b>	<p>In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date, i.e. [●] or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.</p> <p>In this regard, our Company has made necessary arrangements with NSDL and CDSL for the credit of 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 [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date and shall be active for renouncement or transfer only during the Renunciation Period, i.e., from [●] to [●] (both days inclusive). It is clarified that the Rights Entitlements shall not be available for transfer or trading post the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.</p> <p>Eligible Equity Shareholders, whose Rights Entitlement are credited in demat suspense escrow account opened by our Company 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 the Company or the Registrar not later than two (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 demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat</p>

	<p>account, details of which have been provided to the Company or the Registrar account 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.: www.bigshareonline.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.</p> <p>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 BSE Limited 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.</p> <p><b>PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, PER SE, ENTITLE THE INVESTORS TO THE RIGHTS SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE ‘PROCEDURE FOR APPLICATION’ ON PAGE 135 OF THIS DRAFT LETTER OF OFFER.</b></p>
<p style="text-align: center;"><b>Trading of the Rights Entitlements</b></p>	<p>In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on BSE Limited under Rights Entitlement ISIN [●]. Prior to the Issue Opening Date, our Company will obtain the approval from BSE for trading of Rights Entitlements. Investors shall be able to trade/ transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.</p> <p>The On Market Renunciation shall take place electronically on the secondary market platform of BSE Limited on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is One Rights Entitlement.</p> <p>The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date. For details, see ‘<i>Procedure for Renunciation of Rights Entitlements – On Market Renunciation</i>’ and ‘<i>Procedure for Renunciation of Rights Entitlements – Off Market Renunciation</i>’ on page 151 of this Letter of Offer. Once the Rights Entitlements are credited to the demat account of the Renounees, application in the Issue could be made until the Issue Closing Date. For details, see ‘<i>Procedure for Application</i>’ on page 135 of this Letter of Offer.</p> <p><b>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.</b></p>
<p style="text-align: center;"><b>Terms of Payment</b></p>	<p>₹[●]/- (Rupees [●] Only) per Rights Equity Share issued in [●] ([●]) Rights Entitlement, (i.e. ₹[●]/- (Rupees [●] Only) per Rights Equity Share, including a premium of ₹[●]/- (Rupees [●] Only) per Rights Share).</p> <p>On Application, Investors will have to pay ₹[●]- (Rupees [●] Only) per Rights Equity Share which constitutes 25.00% (Twenty Five Percent) of the Issue Price, and the balance ₹[●]/- (Rupees [●]) per Rights Share which constitutes 75.00% (Seventy Five Percent) of the Issue Price, will have to be paid, on one or more additional calls as may be decided by the Board/ Rights Issue Committee of the Board from time to time.</p>
<p style="text-align: center;"><b>Fractional Entitlements</b></p>	<p>The Rights Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] ([●]) Rights Shares for every [●] ([●]) Equity Shares held as</p>

	on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored.
<b>Credit Rating</b>	As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.
<b>Ranking</b>	The Rights Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Common Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with BSE and the terms and conditions as stipulated in the Allotment advice. The Rights Shares to be issued and allotted under this Issue shall, upon being fully paid up, rank <i>pari passu</i> with the existing Equity Shares, in all respects including dividends. In respect of the Rights Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid up equity capital of our Company.
<b>Listing and trading of the Rights Shares to be issued pursuant to this Issue</b>	<p>Subject to receipt of the listing and trading approvals, the Rights Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE Limited. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights 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 Shares will be taken within such period prescribed under the SEBI (ICDR) Regulations. Our Company has received in-principle approval from the BSE Limited vide its letter bearing reference number [●] dated [●] respectively. Our Company will apply to BSE Limited for final approvals for the listing and trading of the Rights Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Shares or the price at which the Rights Shares offered under this Issue will trade after the listing thereof.</p> <p>For an applicable period, the trading of the Rights Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Shares to the Investors' demat accounts may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount.</p> <p>The existing Equity Shares are listed and traded on BSE (Scrip Code: 539216) (Symbol: GARMNTMNTR) under the ISIN: INE653S01028. The Rights Shares shall be credited to a temporary RE ISIN which will be frozen until the receipt of the final listing/ trading approvals from BSE Limited. Upon receipt of such listing and trading approvals, the Rights Shares shall be debited from such temporary RE ISIN and credited to the new ISIN for the Rights Shares and thereafter be available for trading and the temporary RE ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.</p> <p>The listing and trading of the Rights 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.</p> <p>In case our Company fails to obtain listing or trading permission from BSE Limited, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/ blocked within four (4) days of receipt of intimation from BSE Limited, rejecting the application for listing of the Rights Shares, and if any such money is not refunded/ unblocked within four (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 fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.</p> <p>For details of trading and listing of partly paid-up Rights Shares, please refer to the heading '<i>Terms of Payment</i>' at page 142 of this Draft Letter of Offer.</p>
<b>Subscription to this Issue by our Promoter</b>	For details of the intent and extent of subscription by our Promoter, please refer to the chapter titled ' <i>Capital Structure – Intention and extent of participation by our Promoters and Promoter Group</i> ' on page 54 of this Draft Letter of Offer.

<b>Rights Holders of Rights Shares of our Company</b>	<p>Subject to applicable laws, Rights Equity Shareholders shall have the following rights:</p> <ol style="list-style-type: none"> <li>a) The right to receive dividend, if declared;</li> <li>b) The right to vote in person, or by proxy;</li> <li>c) The right to receive surplus on liquidation;</li> <li>d) The right to free transferability of Rights Shares;</li> <li>e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and</li> <li>f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.</li> </ol> <p>Subject to applicable law and Articles of Association, holders of Rights Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Shares in this Issue</p>
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#### GENERAL TERMS OF THE ISSUE

<b>Market Lot</b>	The Rights Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Shares in dematerialised mode is [●] Equity Share.
<b>Joint Holders</b>	Where two or more person are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Shares offered in this Issue.
<b>Nomination</b>	<p>Nomination facility is available in respect of the Rights 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.</p> <p>Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Shares to be Allotted in this Issue. Nominations registered with the respective Depository Participants 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.</p>
<b>Arrangements for Disposal of Odd Lots</b>	The Rights Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be [●] Rights Share and hence, no arrangements for disposal of odd lots are required.
<b>Restrictions on transfer and transmission of shares and on their consolidation/splitting</b>	There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI (LODR) Regulations, with effect from April 1, 2019 and as amended vide SEBI Notification bearing No. SEBI/LAD-NRO/GN/2022/66 on January 24, 2022, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository. Provided further that transmission or transposition of securities held in physical or dematerialized form shall be effected only in dematerialized form.
<b>Notices</b>	In accordance with the SEBI (ICDR) Regulations and the SEBI Rights Issue Circulars, our Company will send / dispatch the Letter of Offer, the Rights Entitlement Letter, Common Application Form and other issue materials ( <b>'Issue Materials'</b> ) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Shares is permitted

	<p>under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.</p> <p>Further, the Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.</p> <p>All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English language national daily newspaper with wide circulation; (ii) one Hindi language national daily newspaper with wide circulation; and (iii) one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Maharashtra, where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company. This Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Common Application Form shall also be submitted with BSE Limited for making the same available on their websites.</p>
<p><b>Offer to Non-Resident Eligible Equity Shareholders/Investors</b></p>	<p>As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights shares to non-resident shareholders including additional rights shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the 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 Rights Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar by email on support@purvashare.com or physically/postal means at the address of the Registrar mentioned on the cover page of the Letter of Offer. 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 Company will not be responsible for any such allotments made by relying on such approvals.</p> <p>The Abridged Letter of Offer, the Rights Entitlement Letter and Common Application Form shall be sent/dispatched to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Rights Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Common Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Shares under applicable securities laws) from the websites of the Registrar, our Company and BSE Limited. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to their patriation as are applicable to the original Equity Shares against which Rights Shares are issued on rights basis.</p> <p>In case of change of status of holders, <i>i.e.</i>, 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.</p>

### Grounds for Technical Rejection

Applications made in the Issue are liable to be rejected on the following grounds:

- (a) DP ID, folio number and Client ID mentioned in Application does not match with the DP ID, folio number and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, Registrar, Banker to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) RE not available in demat account as on closing of Rights Issue.
- (q) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and “qualified purchasers” (as defined under the U.S. Investment Company Act of 1940, as amended and referred to in this Draft Letter of Offer as “QPs”) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (r) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (s) 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).
- (t) Applicants not having the requisite approvals to make application in the Issue.
- (u) **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.**
- (v) 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.

- (w) These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (x) The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.
- (y) In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.
- (z) Application forms supported by the amount blocked from a third party bank account.

### **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, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements 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 149.

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 Promoter to meet the minimum subscription requirements applicable to the Issue as described in "*General Information – Minimum Subscription*" on page 49.

### **Procedure for Applications by certain categories of Investors**

#### ***Procedure for Applications by FPIs***

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50% or common control) must be below 10% of our post- Issue Equity Share capital. Further, in terms of FEMA Rules, the total holding by each FPI shall be below 10% of the total paid-up equity share capital of a company on a fully-diluted basis and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company on a fully diluted basis.

Further, pursuant to the FEMA Rules the investments made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding of such FPI increases to more than 10% of the total paid-up equity share capital on a fully diluted basis or 10% or more of the paid up value of each series of debentures or preference shares or warrants.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. 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.

#### ***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 SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the 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 rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

#### ***Procedure for Applications by NRIs***

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws. As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

### ***Procedure for Applications by Mutual Funds***

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

### **Procedure for applications by Systemically Important NBFCs**

In case of application made by Systemically Important NBFCs registered with the RBI, (i) the certificate of registration issued by the RBI under Section 45 –IA of the RBI Act, 1934 and (ii) networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

### **Last date for Application**

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “*Basis of Allotment*” on page 157.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges. 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 the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

### **Disposal of Application and Application Money**

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto. In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of four days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

### III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- **Rights Entitlements**

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of 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., [www.bigshareonline.com](http://www.bigshareonline.com)) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical/demat form as on Record Date). The link for the same shall also be available on the website of our Company (i.e., [www.garmentmantra.com](http://www.garmentmantra.com)).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

**Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse 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 Rights Equity Shares offered under Issue for subscribing to the Rights Equity Shares offered under Issue.**

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. [www.bigshareonline.com](http://www.bigshareonline.com)). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

**In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Master 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 (namely, “[●]”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●], [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in the 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 is active to facilitate the aforementioned transfer.

#### **IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT**

- **Renounees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renounee(s) as well.

- **Renunciation of Rights Entitlements**

The 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 Exchanges or through an off market transfer.

- **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 Exchanges (the “**On Market Renunciation**”); or (b) through an off market transfer (the “**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.

In accordance with the SEBI Master Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two Working Days prior to Issue Closing Date, such that credit of REs in their demat account takes place at least one day before Issue Closing Date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

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.

- **Payment Schedule of Rights Equity Shares**

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

**(a) On Market Renunciation**

The 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 Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company. In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges 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 Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●], [●] to [●], [●] (both days inclusive). The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to 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 the Stock Exchanges 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 Exchanges and the SEBI.

**(b) 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 Rights 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: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

**V. 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 Draft 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 in accordance with 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 the Issue.

#### ***Mode of payment for Resident Investors***

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

#### ***Mode of payment for Non-Resident Investors***

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

## **VI. BASIS FOR THE ISSUE AND TERMS OF THE 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*" beginning on page 47.

### **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Rights Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Equity Share and will also be given a preferential consideration for the Allotment of one Additional Rights Equity Share if such Eligible Equity Shareholder has applied for Additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in the Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

### **Ranking**

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall 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 the 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 Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the 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 Stock Exchanges through its letter bearing reference number [●] dated [●]. The Equity Shares of our Company have not been listed on NSE. Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Rights Equity Shares subsequent to its Allotment.

No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof. The existing Equity Shares are listed and traded on BSE (Scrip Code: 539216) (Symbol: GARMNTMNTR) under the ISIN: INE653S01028. 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 Exchanges.

Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights 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 the 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 Exchanges, our Company shall



refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- **Subscription to the Issue by our Promoter and members of the Promoter Group**

For details of the intent and extent of subscription by our Promoter, see “*Capital Structure – Intention and extent of participation by our Promoter and Promoter Group in the Issue*” on page 54.

## **VII. GENERAL TERMS OF THE ISSUE**

- **Market Lot**

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold 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 Equity Shares offered in the Issue.

- **Nomination**

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the 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 Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- **Restrictions on transfer and transmission of shares and on their consolidation/splitting**

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- **Notices**

In accordance with the SEBI ICDR Regulations and the SEBI Master Circular, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and 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 physically dispatched by registered or speed post, 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 regional Marathi daily newspaper with wide circulation (Marathi also being the regional language in the place where our Registered is located).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the the Stock Exchanges 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 a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (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 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 Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice.

If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at investor@bigshareonline.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 our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges.

Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. 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.

**ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 158.**

**VIII. ISSUE SCHEDULE**

<b>Last Date for Credit of Rights Entitlements</b>	[●]
<b>Issue Opening Date</b>	[●]
<b>Last date for receiving requests for Application Form and Rights Entitlement Letter#</b>	[●]

<b>Last date for On Market Renunciation</b>	[●]
<b>Issue Closing Date</b>	[●]
<b>Finalising the basis of allotment with the Designated Stock Exchange</b>	[●]
<b>Date of Allotment (on or about)</b>	[●]
<b>Initiation of refunds</b>	[●]
<b>Date of credit (on or about)</b>	[●]
<b>Date of listing (on or about)</b>	[●]

*\*Our Board may, however, decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).*

*\*\*Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, and/or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms or on before the Issue Closing Date.*

*#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.*

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 clear Working Days prior to the Issue Closing Date, i.e., [●], [●] 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., [●], [●].

## **IX. BASIS OF ALLOTMENT**

Subject to the provisions contained in this Draft Letter of Offer, the 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 Rights Equity Shares in the following order of priority:

- (a) 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, as adjusted for fraction entitlement.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one 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 (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchanges and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the 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 Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) 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 the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the 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.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

#### **X. 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 by registered or speed post, 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 1 day from the finalisation of Basis of allotment T+1, T being the date of approval of basis of allotment. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 1 day' period

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian 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 refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional 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 be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

#### **XI. 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 Investors, details of which were provided in the Application Form

## XII. 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 Rights Equity Shares in Dematerialized Form**

**PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.**

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, 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: tripartite agreements each dated October 29, 2009 amongst our Company, NSDL and CDSL, respectively, and the Registrar to the Issue.

**INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in the 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-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
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 Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent 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, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not

furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue

### **Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 Lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 Lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 Lakhs or with both.

### **Utilization of Issue Proceeds**

Our Board of Directors declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

### **Undertakings by our Company**

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- (iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- (iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Other than any Equity Shares that may be issued pursuant to exercise options under the ESOP 2016 and ESOP

2018, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.

- (vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- (vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- (viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- (ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- (x) Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

### **Minimum Subscription**

The objects of the Issue involve financing other than financing of capital expenditure for a project. Since Promoters and the Promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group, minimum subscription criteria provided under Regulation 86(1) of the SEBI ICDR Regulations shall not be applicable to this Issue. In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of at least 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 in accordance with the SEBI Master Circular. If there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rates as prescribed under the applicable laws.

### **Filing**

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

### **Withdrawal of the Issue**

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, our Company, reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within two (2) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchanges will also be informed promptly.

The Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the Stock Exchanges where the Equity Shares may be proposed to be listed.

## **Important**

Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected. It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in “*Risk Factors*” on page 22.

All enquiries in connection with this Draft Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “*Garment Mantra Lifestyle Limited– Rights Issue*” on the envelope to the Registrar at the following address:

### **Bigshare Services Private Limited**

Office No S6-2, 6th floor Pinnacle Business Park,  
Next to Ahura Centre, Mahakali Caves Road,  
Andheri (East) Mumbai – 400 093, India.

**Telephone:** +91 22 6263 8200

**Facsimile:** +91 22 6263 8299

**E-mail:** rightsissue@bigshareonline.com

**Website:** www.bigshareonline.com

**Investor grievance:** inverstor@bigshareonline.com

**SEBI Registration No:** MB/INR000001385

**Contact person:** Mr. Suraj Gupta

The Issue will remain open for a minimum period of 7 (seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

The Investors can visit following links for the below-mentioned purposes:

- (a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: [www.bigshareonline.com](http://www.bigshareonline.com);
- (b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: [www.bigshareonline.com](http://www.bigshareonline.com);
- (c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: [www.bigshareonline.com](http://www.bigshareonline.com); and
- (d) Download of Re-form



## **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

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

## **SECTION IX – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at [www.garmentmantra.com](http://www.garmentmantra.com) from the date of this Draft Letter of Offer until the Issue Closing Date.

#### **1. Material Contracts for the Issue**

- (i) Registrar Agreement dated September 30, 2024 entered into amongst our Company and the Registrar to the Issue.
- (ii) Escrow Agreement dated [●] amongst our Company, the Registrar to the Issue and the Bankers to the Issue.

#### **2. Material Documents**

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Annual Reports of the Company for the past five years.
- (iii) Certificate of incorporation dated November 15, 2011.
- (iv) Certificate of incorporation dated March 24, 2015 issued post conversion of our Company into a public limited company.
- (v) Certificate of incorporation dated March 16, 2020 issued post change of the name of our Company to 'Garment Mantra Lifestyle Limited'.
- (vi) Resolution of the Board of Directors dated January 10, 2024 and January 11, 2024 in relation to the Issue.
- (vii) Resolution of the meeting of the Rights Issue Committee dated September 30, 2024 approving and adopting this Draft Letter of Offer.
- (viii) Resolution of the meeting of the Rights Issue Committee dated [●] approving and adopting the Letter of Offer.
- (ix) Resolution of meeting of the Rights Issue Committee dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
- (x) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Bankers to the Issue\*, Legal Advisor, the Registrar to the Issue for inclusion of their names in the Draft Letter of Offer in their respective capacities.  
*\*To be obtained at the time of filing of the Letter of Offer.*
- (xi) The examination reports dated September 30, 2024 of the Statutory Auditor, on our Company's Restated Financial Statements, included in this Draft Letter of Offer.
- (xii) Statement of Tax Benefits dated September 30, 2024 from the Statutory Auditor included in this Draft Letter of Offer.
- (xiii) Tripartite Agreement dated April 17, 2015 between our Company, NSDL and the Registrar to the Issue.
- (xiv) Tripartite Agreement dated April 17, 2015 between our Company, CDSL and the Registrar to the Issue.

(xv) In principle listing approvals dated [●] issued by BSE.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

We hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

### SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

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**Prem Aggarwal**  
(Chairman and Managing Director)

Sd/-

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**Shikha Aggarwal**  
(Executive-Whole time Director)

Sd/-

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**Thangamuthu Muthiah**  
(Non-Executive-Independent Director)

Sd/-

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**Subramanian Thirumurugan**  
(Non-Executive-Independent Director)

Sd/-

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**Deva Kumar**  
(Non-Executive-Independent Director)

Sd/-

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**Aditya Aggarwal**  
(Chief Financial Officer)  
**Place:** Tirupur

**Date:** [●]