



YARN SYNDICATE LIMITED

DRAFT TO BE UPDATED AND FINALIZED

Our Company was originally incorporated on May 23, 1946, as “Yarn Syndicate Limited” as a Public Limited Company under the provisions of the Indian Companies Act, 1913 with the Registrar of Companies, Calcutta (‘Kolkata’). A certificate of incorporation was issued on May 23, 1946 by Registrar of Companies, Calcutta (‘Kolkata’). Change of Registered Office of the Company from 86/2/4, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata, West Bengal – 700014 to Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar – 382 007, Gujarat, has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023. For further details of our Company, please refer to the chapter titled “General Information” on page 43 of this Letter of Offer.

Corporate Identification Number: L51109WB1946PLC013842
Registered Office: 86/2/4, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata, West Bengal – 700014
Corporate Office: Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar – 382 007, Gujarat
Telephone: +91-7043485611; **Email id:** ysl@yarnsyndicate.in;
Website: <https://www.yarnsyndicate.in/>;
Contact Person: Ms. Priya Singh, Company Secretary

PROMOTERS OF OUR COMPANY: MR. RAVI NIRANJAN PANDYA***

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF YARN SYNDICATE LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY

WEHEREBY CONFIRM THAT NONE OF OUR PROMOTERS OR DIRECTORS ARE WILFUL DEFAULTERS AS ON DATE OF THIS LETTER OF OFFER

ISSUE OF UPTO [•][#] EQUITY SHARES OF FACE VALUE OF RS. 10.00/- EACH (“EQUITY SHARES”) OF YARN SYNDICATE LIMITED (“YARNSYN” OR THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF RS. [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF RS. [•] PER EQUITY SHARE) (“ISSUE PRICE”), AGGREGATING UPTO RS. 48,60,00,000/- ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [•] RIGHTS EQUITY SHARES FOR EVERY [•] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, I.E. [•] (THE “RECORD DATE”). THE ISSUE PRICE IS [•] TIMES OF FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER TITLED “TERMS OF THE ISSUE” ON PAGE 143 OF THIS LETTER OF OFFER.

[#]ASSUMING FULL SUBSCRIPTION OF THE ISSUE AND RECEIPT OF ALL CALLS MONEY WITH RESPECT TO PARTLY PAID EQUITY SHARES. ON APPLICATION, INVESTORS WILL HAVE TO PAY RS. [•] PER RIGHTS EQUITY SHARE WHICH CONSTITUTES [•] OF THE ISSUE PRICE AND THE BALANCE RS. [•] PER RIGHTS EQUITY SHARE WHICH CONSTITUTES [•] OF THE ISSUE PRICE, WILL HAVE TO BE PAID, ON ONE OR MORE SUBSEQUENT CALL(S), AS DETERMINED BY OUR BOARD OR THE RIGHTS ISSUE COMMITTEE, AT ITS SOLE DISCRETION. FOR DETAILS, REFER “TERMS OF THE ISSUE” ON PAGE 143.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue, including the risks involved. The Rights Equity Shares have neither been recommended nor approved by the Securities and Exchange Board of India (“SEBI”), nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of the investors is invited to the section “Risk Factors” on page 26 of this Letter of Offer.

OUR COMPANY’S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares are listed only on BSE Limited (“BSE”). Our Company has received ‘in-principle’ approval from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated [•]. Our Company will also make an application to the Stock Exchange to obtain its trading approval for the right entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.

REGISTRAR TO THE ISSUE

BANKER TO THE ISSUE



CAMEO CORPORATE SERVICES LIMITED
Subramanian Building, 1 Club House Road, Chennai - 600 002
Tel : +91-4440020700
Email: rights@cameoindia.com
Investor Grievance Email id: investor@cameoindia.com
Website: <https://cameoindia.com/>
Contact Person: Ms. K. Sreepriya
SEBI Registration No.: INR000003753
CIN: U67120TN1998PLC041613

[•]

ISSUE PROGRAMME

ISSUE OPENS ON

LAST DATE FOR MARKET RENUNCIATION*

ISSUE CLOSES 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 account of the Renounees on or prior to the Issue Closing Date.

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

***Except Mr. Ravi Niranjan Pandya, all the Promoters (incl. Promoter Group) of our Company have applied for Reclassification of Promoters vide Application No.: 185131 dated 18th September, 2023 and the application is under process. Further, Outgoing Promoters has no nexus with the Company and also Outgoing Promoters are not controlling the Board Structure.

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SECTION-I DEFINITIONS AND ABBREVIATIONS

This 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 Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications there to 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 the Issue”**, **“Financial Information”**, **“Statement of possible Tax benefits”**, **“Outstanding Litigation and Material Developments”** and **“Issue Related Information”** on pages 61, 41, 103, 58, 134 and 143 and respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/chapters.

Conventional/General Terms

Term	Description
“YARNSYN”, “the Company”, “our Company”, “Issuer” and “Yarn Syndicate Limited”	Yarn Syndicate Limited, a Public Limited Company incorporated under the Indian Companies Act, 1913, having its Registered Office at 86/2/4, S N Banerjee Road, 1 st Floor, Flat No. 2, Kolkata, West Bengal – 700014. <i>(Change of Registered Office has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023.)</i>
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company.
Audited Financial Statements / Financial Statements / Restated Financial Statements	The audited and restated financial statements of our Company for the year ended March 31, 2023, March 31, 2022 and March 31, 2021, which comprises the balance sheet as at March 31, 2023, March 31, 2022 and March 31, 2021, the statement of profit and loss, including other comprehensive income, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
Articles/Articles of Association / AOA	Articles of Association of our Company, as amended from time to time.
Auditors/Statutory Auditors	Our Statutory Auditors namely, M/s. S P Sarda & Co., Chartered Accountants, Kolkata.
Board/Board of Directors	Board of Directors of our Company including a committee thereof.
Chief Financial Officer	Mr. Dharmesh Tripathi, being Chief Financial Officer of the Company.
Company Secretary and Compliance Officer	Ms. Priya Singh, being Company Secretary of the Company.
Corporate Office	The Corporate Office of our Company is situated at Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar – 382 007, Gujarat.
Director(s)	Any or all director(s) of our Company, unless otherwise specified and as the context may require.
Equity Shareholder(s)/ Shareholder(s)	A holder of the Equity Shares of our Company.
Equity Share(s)	Equity Shares of our Company of face value of Rs. 10.00/- each.
Eligible Equity Shareholder(s)	Equity Shareholders whose names appear on the Register of Members of our Company or on the list of Register of Beneficial Owners of our Company maintained by the Depositories as at the end of business hours of the Record Date i.e., [•].
Executive Directors	Executive directors of our Company.
Financial Statements	Audited Standalone Financial Statements of our Company.
Independent Directors	The Independent Director(s) of our Company, in terms of Section 2 (47) and Section 149(6) of the Companies Act, 2013.
Key Managerial Personnel(s) / KMP(s)	Key Managerial Personnel(s) of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in this Letter of Offer.
Limited Review Report and Financial Results	The Limited Review Report along with Unaudited Financial Results for the quarter ended on June 30, 2023 of our Company prepared and published in accordance with Regulation 33 of the SEBI Listing Regulations.
Managing Director	Mr. Ravi Pandya is a Managing Director of our Company.

Memorandum/Memorandum of Association/MOA	Memorandum of Association of our Company, as amended from time to time.
Non - Executive Director	A Director, not being an Executive Director of our Company
Promoter	Mr. Ravi Niranjana Pandya* <i>*Except Mr. Ravi Niranjana Pandya, all the Promoters (incl. Promoter Group) of our Company have applied for Reclassification of Promoters vide Application No.: 185131 dated 18th September, 2023 and the application is under process. Further, Outgoing Promoters has no nexus with the Company and also Outgoing Promoters are not controlling the Board Structure.</i>
Promoter Group	Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and as disclosed by our Company in the filings made with the Stock Exchange under the SEBI Listing Regulations.
Registered Office*	The Registered office of our Company is situated at 86/2/4, S N Banerjee Road, 1 st Floor, Flat No. 2, Kolkata, West Bengal – 700014. <i>(Change of Registered Office has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023.)</i>
Registrar of Companies / ROC	Registrar of Companies, West Bengal is situated at Nizam Palace, 2 nd MSO Building, 2 nd Floor, 234/4, A.J.C.B. Road, Kolkata – 700 020, West Bengal..
Rights Issue Committee	The committee of our Board constituted/designated for purposes of the Issue and incidental matters thereof.
Subsidiaries	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable accounting standard.

Business and Industry related Terms/Abbreviations

Term / Abbreviation	Description / Full Form
B2B	Business-to-Business
CII	Confederation of Indian Industry
COVID-19	Coronavirus 2019
EBO	Exclusive Brand Outlets
GDP	Gross Domestic Product
GVA	Gross Value Added
IIP	Index of Industrial Production
IMF	The International Monetary Fund
ISO	International Organisation for Standardization
Kg/cm ²	Kilogram per Square Centimetre
KV	Kilovolt
KVA	Kilovolt-Ampere
LFS	Large Format Stores
LLC	Limited Liability Company
LLP	Limited Liability Partnership
MBO	Multi Brand Outlets
MSME	Micro, Small and Medium Enterprises
QA	Quality Assurance
QC	Quality Control
QMS	Quality Management System
R&D Division	Research and Development division
SiS	Shop-in-Shop
SKU	Single Known Unit
USD	United States Dollar

Issue Related Terms

Term	Description
Abridged Letter of Offer	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations, 2018 and the Companies Act, 2013.
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot/Allotment/Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Bank	Bank(s) which are clearing members and registered with SEBI as Bankers to an Issue and with whom the Allotment Accounts will be opened, in this case being, [•]
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are allotted pursuant to the Issue.
Applicant(s)/Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee (s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this 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 a SCSB to block the Application Money in the ASBA Account.
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renounees) 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, in this case being, [•].
Bankers to the Issue Agreement	Agreement dated [•] entered into by and amongst 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 "Terms of the Issue" on page 143.
BSE	BSE Limited
Call	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Money.
Call Money	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Method, after payment of the Application Money.
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.

Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs, which coordinate Bids under the Issue with the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in .
Demographic Details	Details of Investors including the Investor's address, name of the Investor's father/husband, investor status, occupation and bank account details, where applicable.
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.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited.
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date i.e. [•]. Please note that the investors who are eligible to participate in the Issue (exclude certain overseas shareholders). For further details, see "Notice to Investors" on page 15.
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, [•].
FII/ Foreign Institutional Investors	Foreign Institutional Investor [as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended] registered with SEBI under applicable laws in India.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018.
IEPF	Investor Education and Protection Fund.
ISIN	International Securities Identification Number.
Issue/Rights Issue	Upto [•] [#] Rights Equity Shares of face value of Rs. 10.00/- each, at a price of Rs. [•]- per share (including share premium of Rs. [•] per share) not exceeding an amount of Rs. 48,60,00,000/- on a Rights basis to the Eligible Equity Shareholders of our Company in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [•]. <i>#Assuming full subscription of the Issue and receipt of all calls money with respect to partly paid Equity Shares.</i> <i>On Application, Investors will have to pay Rs. [•] per rights equity share which constitutes [•] of the issue price and the balance Rs. [•] per rights equity share which constitutes [•] of the issue price, will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.</i>
Issue Closing Date	[•]
Issue Opening Date	[•]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their applications, in accordance with the SEBI ICDR Regulations.
Issue Price	Rs. [•] per share (including Rs. [•] as share premium) <i>On Application, Investors will have to pay Rs. [•] per rights equity share which constitutes [•] of the issue price and the balance Rs. [•] per rights equity share which constitutes [•] of the issue price, will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.</i>
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Upto [•] [#] Rights Equity Shares of face value of Rs. 10.00/- each, at a price of Rs. [•] per share (including share premium of Rs. [•] per share) not exceeding an amount of Rs. 48,60,00,000/-. <i>#Assuming full subscription of the Issue and receipt of all calls money with respect to partly paid Equity Shares.</i>
Letter of Offer/LOF	This Letter of Offer dated [•] to be filed with the Stock Exchange and submitted with SEBI for information and dissemination.
Net Proceeds	Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see " Objects of the Issue " on page 51

	of this Letter of Offer.
Net Worth	Net worth as defined under Section 2(57) of the Companies Act, 2013.
Non - ASBA Investor / Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and 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 Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [●].
Payment Method	Payment method under which amount payable on Application is Rs. [●] per Rights Equity Share and the right to call up the remaining paid-up capital in one or more calls, as determined by our Board or the Rights Issue Committee thereof, at its sole discretion.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	A record date fixed by our Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Rights Equity Shares i.e. [●].
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) is opened, in this case being, [●].
Registrar to the Issue/ Registrar	Cameo Corporate Services Limited Subramanian Building, 1 Club House Road, Chennai - 600 002 Tel : +91-44-40020700 Email: rights@cameoindia.com Investor Grievance Email id: investor@cameoindia.com Website: https://cameoindia.com/ Contact Person: Ms. K. Sreepriya SEBI Registration No: INR000003753 CIN: U67120TN1998PLC041613
Renounee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, 2018, the SEBI Rights Issue Circular, the Companies Act, 2013 and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], 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) / Retail Individual Investor(s) / RII(s) / RIB(s)	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations, 2018.
Rights Entitlements/REs	The number of 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, i.e. [●], in this case being [●] Rights Equity Share for every [●] Fully Paid-Up Equity Shares held by the Eligible Equity Shareholders of our Company. Pursuant to the provisions of the SEBI ICDR Regulations, 2018 and the SEBI Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares	Equity Shares of our Company to be allotted pursuant to this Issue, on partly paid-up

	basis pursuant to receipt of Application Money.
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.
Self-Certified Syndicate Banks” or “SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchanges	Stock exchange where the Equity Shares are presently listed, being BSE Limited.
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	A Company or person, as the case may be, categorized as a wilful defaulter or Fraudulent Borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any Company whose director or promoter is categorized as such.
Working Days	All days except 2 nd and 4 th Saturdays of the month, Sundays, Public holidays, State and National holidays, on which commercial banks in West Bengal; 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 2 nd and 4 th Saturdays, Sundays, Public holidays, State and National holidays, on which commercial banks in Kolkata are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. “Working Day” shall mean all trading days of the Stock Exchange, excluding Saturdays, Sundays and trading holidays.

Abbreviations

Term / Abbreviation	Description/ Full Form
₹ / ₹/ Rupees/ INR	Indian Rupees
AS/Accounting Standard	Accounting Standards as issued by the Institute of Chartered Accountants of India
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
ASBA	Applications Supported by Blocked Amount
AMT	Amount
AIF	Alternative Investment Funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AY	Assessment Year
AOA	Articles of Association
Approx	Approximately
B. A	Bachelor of Arts
B. Com	Bachelor of Commerce
B. E	Bachelor of Engineering
B. Sc	Bachelor of Science
B. Tech	Bachelor of Technology
Bn	Billion
BG/LC	Bank Guarantee/Letter of Credit
BIFR	Board for Industrial and Financial Reconstruction

BSE	BSE Limited
BSE SENSEX	Sensex is an index; market indicator of the position of stock that is listed in the BSE
CDSL	Central Depository Services (India) Limited
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CA	Chartered Accountant
CAD	Canadian Dollar
CB	Controlling Branch
CC	Cash Credit
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
Companies Act, 1913	The Indian Companies Act, 1913 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)
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder
CS & CO	Company Secretary & Compliance Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
CENVAT	Central Value Added Tax
CST	Central Sales Tax
ICMAI	The Institute of Cost Accountants of India
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
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India
DP	Depository Participant
DP ID	Depository Participant's Identification Number
EBITDA	Earnings Before Interest, Taxes, Depreciation & Amortization
ECS	Electronic Clearing System
ESIC	Employee's State Insurance Corporation
EPFA	Employee's Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
EGM/EOGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
EXIM/EXIM Policy	Export – Import Policy
ESI Act	Employees' State Insurance Act, 1948.
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FIPB	Foreign Investment Promotion Board
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.
FY/Fiscal/Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time, and the regulations framed there under.
FCNR Account	Foreign Currency Non Resident Account
FBT	Fringe Benefit Tax
FDI	Foreign Direct Investment
FIs	Financial Institutions
FIIIs	Foreign Institutional Investors (as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000) registered with SEBI under applicable laws in India

FPIs	“Foreign Portfolio Investor” means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act, 1992.
FTA	Foreign Trade Agreement.
FVCI	Foreign Venture Capital Investors registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
FV	Face Value
GOI/Government	Government of India
GDP	Gross Domestic Product
GST	Goods and Services Tax
GVA	Gross Value Added
HUF	Hindu Undivided Family
HNI	High Net Worth Individual
ICAI	The Institute of Chartered Accountants of India
IMF	International Monetary Fund
IIP	Index of Industrial Production
IPO	Initial Public Offer
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
INR/₹/ Rupees	Indian Rupees, the legal currency of the Republic of India
I.T. Act	Income Tax Act, 1961, as amended from time to time
IT Authorities	Income Tax Authorities
IT Rules	Income Tax Rules, 1962, as amended, except as stated otherwise
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
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended
IRDA	Insurance Regulatory and Development Authority
ISIN	International Securities Identification Number.
IT	Information Technology.
KMP	Key Managerial Personnel
LM	Lead Manager/Merchant Banker
Ltd.	Limited
MCA	The Ministry of Corporate Affairs, GOI
MAT	Minimum Alternate Tax
MD	Managing Director
MOF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
M. A	Master of Arts
M. B. A	Master of Business Administration
M. Com	Master of Commerce
Mn	Million
M. E	Master of Engineering
M. Tech	Masters of Technology
Merchant Banker	Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
Mn / mn	Million.
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange

	Board of India (Mutual Funds) Regulations, 1996
MSME	Micro, Small and Medium Enterprises
MAPIN	Market Participants and Investors Database
NA	Not Applicable
NCLT	National Company Law Tribunal
Networth	The aggregate of paid up Share Capital and Share Premium account and Reserves and Surplus (Excluding revaluation reserves) as reduced by aggregate of Miscellaneous Expenditure(to the extent not written off) and debit balance of Profit & Loss Account
NEFT	National Electronic Funds Transfer
NECS	National Electronic Clearing System
NAV	Net Asset Value
NCT	National Capital Territory
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSE	National Stock Exchange of India Limited
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
P.A.	Per Annum
PF	Provident Fund
PG	Post Graduate
PAC	Persons Acting in Concert
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PLI	Postal Life Insurance
POA	Power of Attorney
PSU	Public Sector Undertaking(s)
Pvt. Ltd.	Private Limited
ROC	Registrar of Companies
RBI	The Reserve Bank of India
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
Registration Act	Registration Act, 1908
ROE	Return on Equity
R&D	Research & Development
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	The United States Securities Act of 1933

SME	Small and Medium Enterprises
SCSB	Self-Certified syndicate Banks
SEBI	Securities and Exchange Board of India
STT	Securities Transaction Tax
Sec.	Section
SPV	Special Purpose Vehicle
TAN	Tax Deduction Account Number
Trademarks Act	Trademarks Act, 1999
TRS	Transaction Registration Slip
TIN	Taxpayers Identification Number
UIN	Unique identification number
US/United States	United States of America
USD/US\$/ \$	United States Dollar, the official currency of the Unites States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
VCF/Venture Capital Fund	Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India.
WDV	Written Down Value
WTD	Whole Time Director
W.E.F.	With effect from

NOTICE TO INVESTOR

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material (collectively, the “**Issue Materials**”) will be sent/dispatched only to such public Eligible Equity Shareholders who have provided email address and who are located in jurisdictions where the offer and sale of the Rights Entitlement and the Rights Equity Shares are permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them, subject to compliance with relevant SEBI circulars/notices giving/extending relaxation in dispatch of physical issue material to those eligible equity shareholders who have not provided a valid email address to the Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent any Issue materials. Further, the Letter of Offer will be provided through e-mail by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company and the Stock Exchanges, subject to the applicable law.

Our Company shall also endeavor to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company, subject to compliance with relevant SEBI circulars/notices giving/extending relaxation in dispatch of physical issue material to those eligible equity shareholders who have not provided a valid email address to the Company. 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, except in India. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, or other Issue 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 the Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer (“Restricted Jurisdictions”) and, in those circumstances, the Letter of Offer or any other Issue Materials 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 the Letter of Offer, or any other Issue Materials should not distribute such document(s) to any person outside India where to do so would or might contravene local securities laws or regulations. If this Letter of Offer, or any other Issue Materials is received by any person in any Restricted Jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares. Rights Entitlements may not be transferred or sold to any person outside India.

Envelopes containing an Application Form should not be postmarked or otherwise dispatched from any Restricted Jurisdiction, and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of these Rights Equity Shares in India.

Neither the delivery of this Letter of Offer, or any other Issue Materials 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 Letter of Offer or any other Issue Materials or the date of such information.

SEBI has introduced the Concept of Credit of Rights Entitlements into the Demat Accounts of the Eligible Equity Shareholders, which can be renounced by them by way of On Market Renunciation or Off Market Renunciation. Further, the Credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made only in dematerialised Form.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the purchase or sale of Rights 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 Rights Equity Shares. In addition, our Company is not making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certifications set out in the Application Form; (ii) appears to us or our agents to have been executed in or dispatched from a Restricted Jurisdiction; (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 in respect of any such Application Form.

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 the 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, the Letter of Offer/Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letter 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 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. Rights Entitlements may not be transferred or sold to any person 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 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

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE’s shall be issued to eligible equity shareholders as on the Record date i.e. [•].

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [•].

Certain Conventions

All references to “India” contained in this 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 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 Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise; all references to a year in this Letter of Offer are to a calendar year.

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

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

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Letter of Offer has been derived from our Financial Statements. For details, please see “**Financial Information**” on page 103. Our Company’s financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 (Twelve) month period ended on March 31 of that year.

The MCA has adopted the Indian Accounting Standards (“**Ind AS**”), which are based on International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”).

The Financial Statements of our Company for the Financial Year 2022-23 and 2021-22 are prepared in accordance with Ind AS Rules, Section 133 of the Companies Act, 2013 & other the relevant provisions of the Companies Act, 2013 and in accordance with the applicable SEBI Regulations, & the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI.

The Unaudited Financial Results of our Company for the Quarter ended on June 30, 2023 is prepared in accordance with IND AS, Section 133 of Companies Act, 2013 and SEBI LODR Regulations, 2015.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this 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.

Accordingly, the degree to which the financial information included in this 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, 2013 and the SEBI ICDR Regulations, 2018. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Letter of Offer should accordingly be limited. For further information, see “**Financial Information**” on page 103.

Certain figures contained in this 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 Letter of Offer rounded-off to such number of decimal points as provided in such respective sources. In this 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 Letter of Offer in “lakh” or “Lac” units or in whole numbers. 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 Letter of Offer, unless otherwise indicated, have been calculated based on our Financial Information.

Exchange Rates

This 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, 2018. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

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

Currency	Exchange rate as on			
	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
1 USD	82.2169	75.8071	73.5047	75.3859
1 Euro	89.6076	84.6599	86.099	83.0496

(Source: RBI reference rate <https://www.fbil.org.in/#/home>)

Industry and Market Data

Unless stated otherwise, industry and market data used in this 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 Letter of Offer is reliable, it has not been independently verified by us. 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 26 of this 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 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 source.

FORWARD LOOKING STATEMENTS

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

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

- General political, social and economic conditions in India and other countries;
- Regulatory changes and the Company's ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Technology changes;
- Change in domestic and foreign laws, regulations and taxes and change in the competition in the industry;
- Fluctuation of the operating cost;
- Company's ability to attract and retain qualified personnel;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- Strikes or work stoppages by our employees or contractual employees;
- Increasing competition in, and the conditions of, the industry;
- Failure to undertake projects on commercially favorable terms;
- Changes in government policies, including introduction of or adverse changes in tariff or non-tariff barriers, foreign direct investment policies, affecting the retail industry generally in India;
- Accidents and natural disasters; and
- Other factors beyond our control.

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 Report" beginning on pages 26, 73 and 129, respectively, of this 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 at the date of this Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. None of our Company, our Directors, nor any of their respective affiliates has any obligation to update or otherwise revise any statements reflecting circumstances arising after the date of this Letter of Offer 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 Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

The following is a general summary of the Terms of this Issue, and should be read in conjunction with and is qualified by more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*Summary of the Issue*”, “*Capital Structure*”, “*Objects of the Issue*”, “*Our Business*”, “*Industry Overview*”, “*Outstanding Litigation*” and “*Terms of the Issue*” on pages 26, 41, 48, 51, 73, 61, 134 and 143 respectively.

Our Company

Our Company was originally incorporated on May 23, 1946, as “Yarn Syndicate Limited” as a Public Limited Company under the provisions of the Indian Companies Act, 1913 with the Registrar of Companies, Calcutta (‘Kolkata’). A certificate of incorporation was issued on May 23, 1946 by Registrar of Companies, Calcutta (‘Kolkata’). Change of Registered Office of the Company from 86/2/4, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata, West Bengal – 700014 to Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar – 382 007, Gujarat, has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023. For further details of our Company, please refer to the chapter titled “General Information” on page 43 of this Letter of Offer.

Summary of our Industry

India is the 5th largest producer of technical textiles in the whole world with a market size of nearly \$24.3 billion, which we hope to build up to \$300 billion when we turn 100 by 2047.

The textiles and apparel industry in India has strengths across the entire value chain from fiber, yarn, fabric to apparel. 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. The organized textile industry in India is characterized by the use of capital-intensive technology for the mass production of textile products and includes spinning, weaving, processing, and apparel manufacturing.

India’s readymade garment exports to see a CAGR of 12-13% and surpass \$100 Bn by 2030.

- India’s Textiles Exports were highest ever in FY 2021-22, crossing US\$ 44 Bn
- India is a largest cotton producer (23%) in the world and has the highest area under cotton cultivation (39% of world area). Cotton plays a major role in sustaining the livelihood of an estimated 5.8 Mn cotton farmers and 40-50 Mn people engaged in related activities such as cotton processing and trade.
- India produced 95 Lakh bales of raw jute in FY 2022-23.
- The domestic textiles and apparel industry stood at \$154 bn in 2022, growing at a CAGR of 10-12% to reach \$350 bn by 2030.

India scaled its highest ever exports tally at \$ 44.4 Bn in Textiles and Apparel (T&A) including Handicrafts in FY 2021-22, indicating a substantial increase of 41% and 26% over corresponding figures in FY 2020-21 and FY 2019-20, respectively.

The estimated production of cotton in the country is 312.03 lakh bales and estimated consumption is 316 lakh bales. Further, the domestic consumption of \$110 Bn was divided into apparel at \$80 Bn, technical textiles at \$22 Bn and home furnishings at \$8 Bn. While exports comprised of Readymade Garments at \$16.2 Bn; Cotton textiles exports at \$11.1 Bn; Man-made Textiles exports at \$5.4 Bn; and others (including Handicrafts) at \$4.0 Bn.

The Make in India initiative has successfully increased production capacity by 25%. Yarn production increased from 77.67 Lakh Tonnes in 2014-15 to 97.46 Lakh Tonnes in 2022-23. Fabric production increased from 374.54 Lakh Tonnes to 470 Lakh Tonnes in 2022-23. Apparel production increased from 1,753.2 Cr. Pcs to 2,200 Cr. Pcs in 2022-23.

(Source: Invest India)

For further details, please refer to the chapter titled “Industry Overview” on page 61 of this Letter of Offer.

Summary of our Business

YARN SYNDICATE LIMITED, was incorporated on 23.05.1946 and commenced its business operations as dealers in all types of YARN soon thereafter.

The Company became one of the pioneers to export all types of yarn, viz. cotton yarn, polyester cotton yarn, polyester viscose yarn, flax yarn, jute yarn, bamboo yarn, organic yarn etc. from India and in the more than four decades since, has become one of the leading exporters of cotton and other varieties of yarn in the country. The Company has become one of the largest merchant exporters of cotton and other varieties of yarn and during the quota regime was one of the biggest quota holders of EEC countries. In the past many decades, the Company has constantly strived to get new customers while strengthening its business relations with existing customers/manufacturers. The Company is committed to strictly maintaining the highest standards with respect to quality of products and delivery schedules to our customers.

The products the Company is exporting are 100% cotton yarn, 100% polyester yarn, 100% viscose yarn, polyester textured yarn, jute yarn, and other types of yarn like flax yarn and raw cotton etc.

The Company has bagged many leading exporter awards for its export performance over the decades as follows: -

- For the years 1976-77 and 1978-79, leading Exporter awards from the Cotton Textile Export Promotion Council of India (Texprocil);
- For the years 1984 to 1988 and 1990 to 1992 the highest Export Performance awards from Texprocil;
- The National Export Award, the highest in the land for exports, for the year 1991-92 presented by His Excellency Dr.Shankar Dayal Sharma, the then President of India.
- Canara Bank's outstanding Exporters Award for the year 1992-93 given by Dr.C.Rangrajan, the then Governor of RBI;
- Export Excellence Award by the Calcutta Circle of Canara Bank for 1993-94;
- Highest export performance gold trophy for 1995-96 from FIEO;

The Company is a Public Limited Company and its equity shares are listed with the BSE Limited. The Company has adopted a corporate governance policy and believes in ensuring transparency in all its operations and complies with various laws and regulations.

The Company is a Merchant Exporter and trader and is fully involved in the export and trading of various types of yarn, raw cotton and fabrics and is committed to the further growth of its business operations in competitive international and domestic markets while always maintaining strong business relations with its existing clients. Being in the export and domestic trading business for many decades it has gathered many business contacts in this highly competitive line of business. At the same time, it continues to add new products to its export and domestic portfolio and to explore new markets for the export and trading of its products.

The Acquirer (i.e. Mr. Ravi Niranjana Pandya) has entered into the SPA with the Selling Shareholder (i.e. Ms. Sheela Patodia), on November 17, 2022, for the acquisition of 13,13,546 (Thirteen Lakhs Thirteen Thousand Five Hundred and Forty-Six) Equity Shares representing 35.03% of the Paid Up and voting Equity Share Capital of Target Company at a price of Rs. 4.00/- (Rupees Four only) per Equity Share aggregating to Rs. 52,54,184/- (Rupees Fifty Two Lakhs Fifty Four Thousand One Hundred and Eight Four Only), payable in cash along with the acquisition of control over the Target Company.

The prime objective of the Acquirer for the Open Offer is the substantial acquisition of Equity Shares and voting rights and control over the management and affairs of the Target Company.

At present, the Board of Directors of the Company has 4 (Four) Directors, Mr. Ravi Pandya, Managing Director is in charge of the affairs of the Company and he is ably assisted by Mr. Chetan Kumar Ojha, Director. Mr. Chetan Kumar Ojha joined the Company as a Director on 11/09/2023. The Company has 2 (Two) Independent Directors, Mr. Nandish Jani and Ms. Nidhi Bansal.

For further details, please refer to chapter titled "*Our Business*" and "*History and Certain Corporate Matters*" on pages 73 and 91 of this Letter of Offer.

Location of our Company

Registered Office:*

Our Registered Office is situated at 86/2/4, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata, West Bengal – 700014. For further reference please see chapter titled “*Our Business*” on page No. 73 of Letter of Offer.

**(Change of Registered Office has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023.)*

Corporate Office:

Our Corporate Office is situated at Shop No 128 Supemall-2 GH-0 Circle Infocity, Gandhinagar – 382 007, Gujarat. For further reference please see chapter titled “*Our Business*” on page 73 of Letter of Offer.

Strengths:

- Worldwide Demand
- Involved industries increasing
- Strong backward linkage facilities
- Raw material base
- Domestic market
- Consistency in quality and service standards

For details, please refer chapter titled “*Our Business*” on page 73 of Letter of Offer.

SWOT Analysis:

SWOT Analysis can be briefly summarized below:

Strengths	Weakness
<ul style="list-style-type: none">• Worldwide Demand• Involved industries increasing• Strong backward linkage facilities• Raw material base• Domestic market• Consistency in quality and service standards	<ul style="list-style-type: none">• Lack of forecasting• Unable to go with the flow• Higher bank interest and insurance policy
Opportunities	Threats
<ul style="list-style-type: none">• Buyer attention on the Asian market• Open costing facility for the International Buyers• Huge demand• Incentives/subsidies from Government(s) for growth of Textile Sector	<ul style="list-style-type: none">• High Competition• No entry barriers in our industry which puts us to the threat of competition from new entrants• Raw material price fluctuation• Political and environmental crises• Pollution restrictions

Business Strategy:

- Optimum utilization of resources
- To build-up a professional Organization
- Quality assurance
- Improving operational efficiencies

Our Promoters***

A. Individual Promoters:

Mr. Ravi Niranjana Pandya
Mr. Rishiraj Patodia
Ms. Sheela Patodia

B. Individual Members of Promoter Group:

Mr. Anuj Patodia
Ms. Indu Chandrakishore Poddar
Ms. Jayanti Dalmia
Mr. Manoj Kumar Patodia
Ms. Nandita Patodia

C. Non-Individual Promoters / Members of Promoter Group:

M/s. Y S Exports Limited

***Except Mr. Ravi Niranjana Pandya, all the Promoters (incl. Promoter Group) of our Company have applied for Reclassification of Promoters vide Application No.: 185131 dated 18th September, 2023 and the application is under process. Further, Outgoing Promoters has no nexus with the Company and also Outgoing Promoters are not controlling the Board Structure.

Objects of the Issue:

We propose to deploy the Net Proceeds towards the 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 financed from Net Proceeds of the Issue (Rs. in Lakhs)	Estimated deployment in FY 2023-24 (Rs. in Lakhs)	Estimated deployment in FY 2024-25 (Rs. in Lakhs)
1.	Acquisition of Equity Shares in Stitched Textiles Limited	2534.50	2534.50	-
2.	Incremental Working Capital	1350.00	1350.00	-
3.	General Corporate Purpose**	[•]	[•]	-
	Net Proceeds*	[•]	[•]	-

^Any portion of the Net Proceeds not deployed for the stated objects in FY 2023-24 will be deployed by our Company in FY 2024-25.

*Assuming full subscription and allotment & receipt of all call monies with respect to the Rights Equity Shares.

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

For further details, please see chapter titled "Objects of the Issue" beginning on page 51 of this Letter of Offer.

1. Intention and extent of participation by Promoter and Promoter Group

The Promoters and members of the Promoter Group of our Company have indicated their intention to subscribe jointly and/or severally to the full extent of their Rights Entitlement and any Rights Entitlement renounced in their favour by any other Promoter(s) or member(s) of the Promoter Group of our Company subject to availability of funds. For further details, please see the chapter titled "Capital Structure" beginning on page no. 48 of this Letter of Offer.

2. Summary of Outstanding Litigation

A summary of the pending proceedings and other material litigations involving our Company, our Promoter and Promoter Group, our Directors and our Group Companies is provided below:-

Sr. No.	Particulars	Number of cases outstanding	Amount involved in such proceedings (Rs. In Lakh)
1.	Litigation Involving Our Company		
i.	Litigation against our Company		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
i.	Litigation by our Company		
a)	Criminal proceedings	NIL	NIL
b)	Civil and other Material Litigations	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
2.	Litigation Involving Our Promoters		
i.	Litigation against our Promoters		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings (including interest)	1	1.26
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
i.	Litigation by our Promoters		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings (including interest)	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
3.	Litigation Involving Our Directors		
i.	Litigation against our Directors		
a)	Criminal proceedings	NIL	NIL
b)	Civil Proceedings	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL

d)	Tax Proceedings (including interest)	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
i.	Litigation by our Directors		
a)	Criminal proceedings	NIL	NIL
b)	Civil and other Material Litigations	NIL	NIL
c)	Actions taken by Statutory/ Regulatory Authorities	NIL	NIL
d)	Tax Proceedings (including interest)	NIL	NIL
e)	Other Material Litigations	NIL	NIL
f)	Disciplinary action against our Company by SEBI or any stock exchange in the last five Fiscals	NIL	NIL
4.	Litigations involving our Group entities		
a)	Tax Proceedings (including interest)	NIL	NIL

For further details, please see the chapter titled “*Outstanding Litigation and Material Developments*” beginning on page no. 134 of this Letter of Offer.

3. Risk Factors

Please refer the chapter titled “**Risk Factors**” on page no. 26 of this Letter of Offer.

4. Summary of Contingent Liabilities

For details, please refer “**Financial Information**” on page no. 103 of this Letter of Offer.

5. Summary of Related Party Transactions

For details, please refer “**Financial Information**” on page no. 103 of this Letter of Offer.

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

Our Company has not issued any equity shares for consideration other than cash in last one year.

7. Split or consolidation of Equity Shares in last one year

Our Company has not sub-divided or consolidated its Equity shares in last one year. Hence, this clause is not applicable in this Issue.

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE’s shall be issued to eligible equity shareholders as on the Record date i.e. [•].

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [•].

SECTION III: RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this issue including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment.

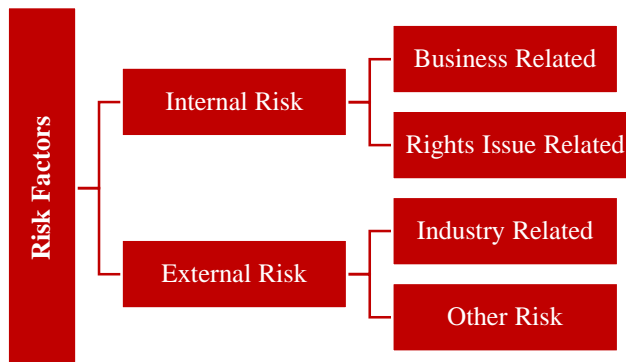
Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. To obtain a better understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 73, “Our Industry” beginning on page 61 and “Management’s Discussion and Analysis Report” beginning on page 129 respectively, of this Letter of Offer as well as other financial information contained herein.

The following factors have been considered for determining the materiality of Risk Factors:

- Some risks may not be material individually but may be found material collectively;
- Some risks may have material impact qualitatively instead of quantitatively;
- Some risks may not be material at present but may have material impact in future.

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, the financial information of our Company used in this section is derived from our Financial Information prepared in accordance with IND AS and the Companies Act. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled “Definitions and Abbreviations” beginning on page 5 of this Letter of Offer. 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 factor over another.

The Letter of Offer also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward- looking statements as a result of many factors, including the considerations described below and elsewhere in the Letter of Offer. The risk factors are classified as under for the sake of better clarity and increased understanding:



INTERNAL RISK FACTORS

Business Related Risks:

1. *Our Company was into the business of export and trading of various types of yarn, raw cotton and fabrics.*

Our revenue from operations comprises of export and trading of 100% cotton yarn, 100% polyester yarn, 100% viscose yarn, polyester textured yarn, jute yarn, and other types of yarn like flax yarn and raw cotton etc. The Company was acquired by Mr. Ravi Niranjana Pandya through a Share Purchase Agreement with the Selling Shareholder (i.e. Ms. Sheela Patodia), on November 17, 2022, for the acquisition of 35.03% of the Paid Up and voting Equity Share Capital of Target Company along with the acquisition of control over the Target Company. Presently the Company is planning to revive and start over its business. We cannot assure you that the Company will be successfully revive its business in future.

2. *Our primary products are various types of yarn- the price of which keeps on changing and fluctuations in the price of the same may increase our expenses which may have a financial impact on the Company.*

Our products mainly consist of cotton yarn, polyester yarn, viscose yarn, polyester textured yarn, jute yarn, and other types of yarn like flax yarn and raw cotton etc. An increase in the price of the materials may increase our expenses resulting in the overall cost of our products. The price of cotton and polyester is influenced by several factors, including climate change, biotechnology innovations, farm mechanization, population growth, and economic growth. However, the price of cotton and polyester can be volatile, and sharp fluctuations can negatively impact the cost and profitability for the company. For instance, in the year 2010, cotton prices rose significantly due to a combination of factors that drove stocks to unexpectedly low levels and limited global production increases that year. This led to an increase in the cost of production and reduced profitability for companies. On the other hand, in the year 2015, global stocks-to-use decreased as China slowly sold off or used its excessive stocks, and prices increased. Our company should be aware of the potential impact of fluctuations in raw cotton prices and take appropriate measures to mitigate the risk, such as hedging or diversifying the supply chain. The increase in the cost of our products may not be acceptable to the existing customers and this may lead to losing our customer base in the hands of the big players who achieve the economies of scale even with the increase in the cost of materials. This may lead to an adverse financial impact on the revenue from operations of the Company.

If we cannot fully offset increases in material and component prices with increases in the prices for our products, we will experience lower margins, which will have a material adverse effect on our results of operations and financial condition. In the absence of any long-term contracts we are also exposed to the risk of unavailability of certain materials in desired quantities and qualities, in a timely manner or at all.

3. *The Management and Promoter lacks experience in the Textiles Industry.*

Our Company i.e. M/s. Yarn Syndicate Limited had been recently acquired through open offer by Mr. Ravi Pandya and post-acquisition, the management of the Company had also been changed. As of now, the Board structure of our Company comprises of Mr. Ravi Pandya, Managing Director, Mr. Chetan Kumar Ojha, Mr. Nandish Jani and Ms. Nidhi Bansal, Independent Directors.

Mr. Ravi Pandya, Managing Director and Promoter of the Company, has experience in the field of Technology and is involved in enhancing B2B platform through an application, programming of new applications for ease of business & growth, creating websites for expansion of business etc.

The new Managing Director & Promoter of our Company lacks experience in the Textile Industry. However, our other Director, Mr. Chetan Kumar Ojha has experience and knowledge in Textile Industry, in addition to this, expertise and support will be provided from M/s. Stitched Textiles Limited, in which the Company has planned to make an Investment of Rs. 25.345 Crores in Equity shares, to form a subsidiary Company, This fact may affect the decision of our shareholders in relation to the subscription of rights issue.

4. *Our Company has not entered into any fixed contracts with its customers and we will operate on the basis of orders received on hand. Inability to maintain regular order flow would adversely impact our revenues and profitability.*

We have not entered into any fixed contracts with our customers and we cater to them on an order-by-order basis. As a result, our customers can terminate their relationships with us without any notice and, without consequence, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our materials. Our Company's customers have no obligation to place order with us and may either cancel, reduce or delay orders. 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, quality consistency, fluctuation in demand for our Company's products and customer's inventory management.

Although we place a strong emphasis on quality, pricing and timely delivery of our products and after sales service such as feedback on the trends in their market, personal interaction by the top management with the customers, etc., in the absence of contracts, any sudden change in the buying pattern of buyers could adversely affect the business and the profitability of our Company.

5. ***We do not maintain long-term contracts with our third-party suppliers, and our business may be adversely affected by a shortfall in supply, or increase in price of materials.***

Substantially all our materials are purchased from third parties. We do not have any long-term supply contracts with any of our specific suppliers with respect to our material requirements and typically place orders with them in advance of our anticipated requirements. The availability of these materials is subject to many risks, including insect or animal infestation, adverse weather conditions, adverse ground conditions and natural and other disasters. Certain materials are available only at specific times during a year due to the seasonality of growing periods and harvest times in India. Furthermore, materials are subject to price volatility caused by factors, including commodity market fluctuations, the quality and availability of supply, currency fluctuations, consumer demand and changes in governmental agricultural programs. Material price increases result in corresponding increases in our selling costs. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure materials from alternate suppliers in a timely fashion, or on terms acceptable us, may adversely affect our operations.

We rely on the adequate and timely availability of materials. Any supply chain disruptions may impact our material sourcing, which in turn may impact our ability to fulfil the demand of the customers. Any significant change in the cost structure or disruption in supply may affect the pricing and supply of products. If we are not able to increase our product prices to offset increased material costs, or if unit volume sales are significantly reduced, it could have an adverse impact on our profitability. This may adversely affect our business and financial performance.

6. ***Our success depends on stable and reliable logistics and transportation infrastructure. Disruption of logistics and transportation services could impair our ability to deliver our products to our customers and/ or increase our transportation costs, which may adversely affect our operations.***

We utilize third party transportation services by road and freight for procurement and supply of our products and from/ to our suppliers and customers. Transportation by road and freight involves risks, including, collision, grounding, storm, fire, explosion, lightning, political instability, and operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID-19 pandemic. Any delay or disruption caused to the transportation of materials could adversely impact our ability to procure the materials as well as to meet the delivery schedule of the customers in an economical manner. To ensure timely delivery of our products, we may also be required to maintain relatively high level of inventory of our products and this may also resultantly increase our cost.

In addition, any compensation received from insurers or third-party transportation providers may be insufficient to cover the cost of any delays and will not repair damage to our relationships with our affected customers. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers. This could require us to expend considerable resources in addressing our distribution requirements, including by way of absorbing these excess freight charges to maintain our selling price, which could adversely affect our results of operations, or passing these charges on to our customers, which could adversely affect demand for our products.

7. ***The industry in which we operate is highly competitive. Increased competition can affect market share and pricing.***

The industry in which we operate is highly competitive, with exporters and traders from various countries supplying yarns to different markets. Increased competition can affect market share and pricing, which can impact the profitability of our company. The competition can come from both domestic and international suppliers, and the company should be aware of the competitive landscape and take appropriate measures to remain competitive. Our company can also explore new markets and expand our product offerings to reduce the impact of competition. The reports on the Industry suggests that manufacturers have been using a smaller proportion of cotton and polyester in their products, which has opened up new opportunities in terms of developing new fiber blends and expanding into new markets. Our company should also be aware of the pricing strategies of our competitors and adjust its pricing accordingly. The company can also invest in research and development to improve its

manufacturing processes and reduce costs, which can help it remain competitive in the long run. We cannot assure that Our Company will be able to effectively handle the competition in the future.

8. *Orders placed by customers may be delayed, modified, cancelled or not fully paid for by our customers, which may have an adverse effect on our business, financial condition and results of operations.*

We may encounter problems in executing the orders in relation to our products, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers may postpone the delivery of such products or cause its cancellation, including delays or failure to obtain necessary permits, authorizations, permissions and other types of difficulties or obstructions. Due to the possibility of cancellations or changes in scope and schedule of delivery of such products, resulting from our customer's discretion or problems we encounter in the delivery of such products or reasons outside our control or the control of our customers, we cannot predict with certainty when, if or to what extent we may be able to deliver the orders placed. Additionally, delays in the delivery of such products can lead to customers delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such products. 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. Any material delay, reduction in scope, cancellation, execution difficulty, payment postponement or payment default with regard to the orders placed with us, or disputes with customers in respect of any of the foregoing, any such adverse event in the future could materially harm our cash flow position and revenue of our company. Further, we operate in competitive markets in relation to our products where it is difficult to predict whether and when we will receive such awards. As a result, our results of operations can fluctuate from quarter to quarter and year to year depending on whether and when such orders are awarded to us and the commencement and progress of work under the orders placed. For further details of our business, please refer chapter titled "Our Business" beginning on Page 73 of this Letter of Offer.

9. *Our operations are subject to high working capital requirements. If we are unable to generate sufficient cash flows to allow us to make required payments, there may be an adverse effect on our results of operations.*

Our business requires significant amount of working capital and major portion of our working capital is utilized towards debtors, inventories, and cash and cash equivalents. Our inability to maintain sufficient cash flow, credit facility and other sources of funding, 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. Further, we have also experienced high outstanding amount due from our debtors which may result in a high risk in case of non-payment by these debtors. In case of any such defaults from our debtors, it may affect our business operations and financials.

10. *Our business is subject to seasonal and other fluctuations that may affect our cash flows and business operations.*

Our business and operations may be affected by seasonal factors which may restrict our ability to carry on activities related to our orders received and fully utilize our resources. Heavy or sustained rainfalls or other extreme weather conditions such as cyclones could result in delays or disruptions to our operations during the critical periods. This may result in delays in execution of orders and also reduce our productivity. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses and our order related activities may be delayed or reduced. Adverse seasonal developments may also require the evacuation of personnel, suspension or curtailment of operations, resulting in delays in the delivery of products etc.

11. *Our inability to collect receivables and default in payment from our customers could result in the reduction of our profits and affect our cash flows.*

Our operations involve extending credit for extended periods of time to our customers in respect of our products, and consequently, we face the risk of non-receipt of these outstanding amounts in a timely manner or at all, particularly in the absence of long-term arrangements with our customers. Our credit terms vary from 0 days to 90 days for our customers. Our inability to collect receivables from our customers in a timely manner or at all in future, could adversely affect our working capital cycle and cash flows. If we are unable to collect receivables or

if the provisions for doubtful receivables are inadequate, it could have a material adverse effect on our business, financial condition and results of operations.

Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our customers, and as a result could cause dealers to delay payments to us, request modifications to their payment arrangements, that could increase our receivables or affect our working capital requirements, or default on their payment obligations to us. An increase in bad debts or in defaults by our customers may compel us to utilize greater amounts of our operating working capital and result in increased interest costs, thereby adversely affecting our results of operations and cash flows.

12. We are subject to certain government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, our business and results of operations may be adversely affected.

Compliance with environmental regulations is a crucial aspect of our industry. Compliance with environmental regulations may involve implementing proper management practices, including the safe handling, storage, and disposal of materials.

Our operations are subject to certain government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business. For details of approvals relating to our business and operations, see “Government and Other Approvals” on page 137.

Some of these approvals are granted for a limited duration and require renewal. Further, while we have applied for some of these approvals, we cannot assure you that such approvals will be issued or granted to us in a timely manner, or at all. We cannot assure you that we will be able to obtain such consent in a timely manner. If we do not receive such approvals or are not able to renew the approvals in a timely manner, our business and operations may be adversely affected. The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

13. One of our Promoter Director is a party a legal proceeding. Any adverse decision in such proceeding may have a material adverse effect on our business, result of operations and financial conditions.

One of our Promoter Director is a party to a legal proceeding which is pending. We cannot assure you that this proceeding will be decided in favour of our Promoter Director. Further, there is no assurance that similar proceedings will not be initiated against us, or our Directors in the future. Any adverse outcome in the below mentioned proceeding could have an adverse effect on our reputation and may affect our future business, prospects, financial condition and results of operations. It further may divert the attention of our management and promoters and waste our corporate resources. For details of these proceedings, see “Outstanding Litigation and Material Developments” on beginning from page 134 of this Letter of Offer. A classification of these legal and other proceedings is given below:

Sr No.	Outstanding Litigation	Number of Matter	Financial Implications to the Extent Quantifiable In INR
1.	Filed against our Directors & Promoters		
	<i>Direct Tax</i>	1	1,25,530
	Total		1,25,530

Note: The amount mentioned above may be subject to additional interest, rates or Penalties being levied by the concerned authorities for delay in making payment or otherwise. In the absence of Order copy of the Income Tax Department, the nature, extents and status of the Cases cannot be ascertained.

- 14. Our business is dependent on developing and maintaining continuing relationships with our customers. The loss of any significant client or customer could have a material adverse effect on our business, financial condition and results of operations.**

Our business is dependent on developing and maintaining a continuing relationship with our key customers. In the event of a significant decline in the demand for our products or services by our key customers, our business, results of operations and financial condition may be materially and adversely affected. There can be no assurance that we will be able to maintain the historic levels of business from these customers or that we will be able to replace these customers in case we lose any of them.

- 15. Our Company has experienced negative cash flow from operating activities in prior periods and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.**

Our Company has experienced negative net cash flows from operating activities in the past, the details of which are provided below:

(Amount in ₹ lakhs)

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net cash generated from operating activities	11.73	29.10	-8.51
Net cash used in investing activities	4.00	1.74	-
Net cash used in financing activities	-11.77	-31.37	8.48
Net (decrease)/ increase in cash and cash equivalents	3.97	-0.53	-0.03

For details on the negative cash flows for the last three Fiscals, please refer to the chapter titled “*Management Discussion and Analysis Report*” on page 129. We may incur negative cash flows in the future which may have a material adverse effect on our business, prospects, results of operations and financial condition.

- 16. The success of our business strategy depends on our ability to enhance our product portfolio. If we fail to maintain and enhance our brand and reputation, consumers’ recognition of our brands, and trust in us, our business may be materially and adversely affected.**

Our brand and reputation are among our most important assets and we believe our brands serve in attracting consumers to our products in preference over those of our competitors. Enhancing our own brands, including various schemes, direct marketing is one of our most important business strategy. Consumers in existing or new markets may be unfamiliar with our brand and products and we may need to build or increase brand awareness in the relevant markets by increasing investments in advertising and promotional activities than we originally planned. We face, and will continue to face, competition with established brands in the new markets we intend to enter. We have incurred, and may continue to incur in the future, significant expenditures for advertising and marketing campaigns in an effort to build brand awareness and achieve preference over competing products. We may not be successful in our efforts to expand our brand presence and we cannot guarantee that our advertising and marketing campaigns will result in customer or consumer acceptance of our brands. Our success in marketing our products also depend on our ability to adapt to a rapidly changing market environment. If we do not successfully maintain, extend and expand our reputation and brand image, then our brands, product sales, financial condition, future cash flows and results of operations could be materially and adversely affected.

- 17. Our insurance coverage may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.**

At present, our company has not taken any insurance policy for our assets including stock, properties and transport insurance for protecting us against any material hazards. Any damage suffered by us in respect of any events would not be covered under any insurance and we are exposed to bear the effect of such losses. As a result, it may adversely affect our results of operations and financial Conditions.

18. *Our actual results could differ from the estimates and projections used to prepare our financial statements.*

The estimates and projections are based on and reflect our current expectations, assumptions and/ or projections as well as our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. There can be no assurance that our expectations, estimates, assumptions and/or projections, including with respect to the future earnings and performance will prove to be correct or that any of our expectations, estimates or projections will be achieved.

19. *We will enter into certain related party transactions and may continue to do so.*

We will enter into related party transactions with our Promoters, its group members/ entities, and Directors. While we believe that all such transactions will be conducted on arm's length basis, however it is difficult to ascertain whether more favourable terms will be achieved if such transactions be entered with unrelated parties. Furthermore, it is likely that we will continue to enter into related party transactions in the near future as well. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For further details regarding the related party transactions, see the disclosure on related party transactions contained in the financial statements included in this Letter of Offer and, also see the section "Financial Information" on page no. 103 of this Letter of Offer.

20. *If we are unable to raise additional capital, our business prospects could be adversely affected.*

We intend to fund our development plans through our cash on hand, cash flow from operations and from the Net Proceeds. We will continue to incur significant expenditure in maintaining and growing our existing infrastructure. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, the inability to obtain sufficient financing could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

21. *Any delay or default in Customer payment could result in the reduction of our profits.*

Our operations involve extending credit for extended periods of time to our certain customers and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. As a result of such industry conditions, we have and may continue to have high levels of outstanding receivables. If our customers delay or default in making these payments, our profits margins could be adversely affected.

22. *In the past, various penalties have been levied by various regulatory authorities for non-compliances by our Company.*

Various penalties have been levied by various regulatory authorities for non-compliances by our Company in the past, which were already paid/cleared by the company. We cannot assure you that, any such penalisation of the Company will not happen in the future for any such non-compliances of the said companies. Such a situation may adversely affect our business, financial condition and results of operations.

23. *The Promoters and Directors hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses.*

Certain of our Directors (including our Promoters) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. We cannot assure you that our Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of our Company or that of minority shareholders. For details on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "Our Management on page 95.

24. *We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.*

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management and key managerial personnel are valuable for the development of business and operations and the strategic directions taken by our Company. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business and our results of operations. The continued operations and growth of our business is dependent upon our ability to attract and retain personnel who have the necessary and required experience and expertise. Competition for qualified personnel with relevant industry expertise in India is intense. A loss of the services of our key personnel may adversely affect our business, results of operations and financial condition.

25. *The Logo used by our Company is currently not registered under Trade Marks Act, 1999. Failure to protect our intellectual property rights may adversely affect our competitive business position, financial condition and profitability.*

The Logo used by our Company is not registered under the Trade Marks Act, 1999, as on the date of this Letter of Offer. Therefore, as on date we do not enjoy the statutory protections that are accorded to a registered trademark. We may not be able to detect any unauthorized use or infringement or take appropriate and timely steps to enforce or protect our intellectual property, nor can we provide any assurance that any unauthorized use or infringement will not cause damage to our business prospects. Thus, we cannot guarantee that the application for registration of the Trademark will be allowed. In case we are unable to obtain the registration for the said trademark in our name, our business revenues and profitability may be impacted.

26. *Our Company has availed certain unsecured loans that are recallable by the lenders at any time.*

Our Company had availed certain unsecured loans and may continue to do so in future that are recallable on demand by the lenders. In such cases, the lender is empowered to require repayment of the facility at any point in time during the tenor. In case the loan is recalled on demand by the lender and our Company is unable to repay the outstanding amounts under the facility at that point, it would constitute an event of default under the respective loan agreements. For further details, please refer chapter titled "Financial Information" beginning on page 103 of this Letter of Offer.

- 27. *In addition to our existing indebtedness for our operations, we may be required to obtain further loan during the course of business. There can be no assurance that we would be able to service our existing and/or additional indebtedness.***

In addition to our existing indebtedness for our existing operations we may be required to raise further debt in the form of term loans and working capital loans in the course of business. Increased borrowings, if any, would adversely affect our debt-equity ratio and our ability to further borrow at competitive rates. Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations. For further details of our indebtedness, please refer to the chapter titled “Financial Information” on page 103 of this Letter of Offer.

- 28. *Our funding requirements and the proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised.***

Our funding requirements and the proposed deployment of the Net Proceeds are based on management estimates and is subject to change in light of changes in external circumstances, costs, other financial condition or business strategies, and have not been appraised by an independent entity. In the absence of such independent appraisal, or the requirement for us to appoint a monitoring agency in terms of the SEBI Regulations, the deployment of the net proceeds is at our discretion. We cannot assure you that we will be able to monitor and report the deployment of the Net Proceeds in a manner similar to that of a monitoring agency. Further, we may have to revise our expenditure and funding requirements as a result of variations in costs, estimates, quotations or other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling planned expenditure and funding requirements at the discretion of our Board. Additionally, various risks and uncertainties, including those set out in this “Risk Factors” section, may limit or delay our Company’s efforts to use the Net Proceeds and to achieve profitable growth in our business.

- 29. *We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.***

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation and goodwill of our Company. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

- 30. *Our Board of Directors and management may change our operating policies and strategies without prior notice or shareholder approval.***

Our Board of Directors and management has the authority to modify certain of our operating policies and strategies without prior notice (except as required by law) and without shareholder approval. We cannot predict the effect that any changes to our current operating policies or strategies would have on our business, operating results and the price of our Equity Shares.

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

We have relied on the reports of certain independent third party for purposes of inclusion of such information in this Letter of Offer. These reports are subject to various limitations and based upon certain assumptions that are subjective in nature. We have not independently verified data from such industry reports and other sources. Although we believe that the data may be considered to be reliable, their accuracy, completeness and underlying assumptions are not guaranteed and their dependability cannot be assured. While we have taken reasonable care

in the reproduction of the information, the information has not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Letter of Offer.

32. *Managing employee benefit pressures in India may prevent us from sustaining our competitive advantage which could adversely affect our business prospects and future financial performance.*

Employee benefits represent a major expense for us and our ability to maintain or reduce such costs is critical for our business operations. We may be required to increase employee compensation levels to remain competitive and manage attrition, and consequently we may need to increase the prices of our products and services. An increase in wages/ salaries paid to our employees may result in a material adverse effect on our profits in the event that we are unable to pass on such increased expenditure to our customers without losing their business to our competitors. Likewise, if we are unable to sustain or increase the number of employees as necessary to meet growing demand, our business, financial condition and results of operations could be adversely affected.

RISKS RELATING TO RIGHTS ISSUE

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

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

2. *There is no guarantee that the Rights Equity Shares issued pursuant to this Rights Issue will be listed on the Stock Exchange in a timely manner.*

In accordance with Indian law and regulations and the requirements of the Stock Exchange, in principle and final approvals for listing and trading of the Rights Equity Shares issued pursuant to this Rights Issue will not be applied for or granted until after the Rights Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Rights Equity Shares to be submitted. Accordingly, there could be a failure or delay in listing the Rights Equity Shares on the Stock Exchange. If there is a delay in obtaining such approvals, we may not be able to credit the Rights Equity Shares allotted to the Investors to their depository participant accounts or assure ownership of such Rights Equity Shares by the Investors in any manner promptly after the Closing Date. In any such event, the ownership of the Investors over Rights Equity Shares allotted to them and their ability to dispose of any such Equity Shares may be restricted.

For further information on issue procedure, see "***Issue Information***" beginning on page 143.

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

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Right Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation (the last day for which is [●]), such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 143.

4. *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 143.

5. *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 143. 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.

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

In terms of the SEBI ICDR Regulations, 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 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 or financial condition, or other events affecting the Applicant’s decision to invest in the 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 right 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 of 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.

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

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

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

Our Articles of Association and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, Director's fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a corporate entity in another jurisdiction. Shareholders' rights 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 one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction. In accordance with the provisions of the Companies Act, the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company.

9. *No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.*

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchange, the trading of Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

EXTERNAL RISK FACTORS

1. *Any future pandemic or widespread public health emergency, could materially and adversely impact our business, financial condition, cash flows and results of operations.*

The outbreak, or threatened outbreak, of any severe communicable disease could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our clients and service providers, which could adversely affect our business, financial condition and results of operations

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of any future pandemic or widespread public health emergency will cause an economic slowdown and it is possible that it could cause a global recession. The spread of any future pandemic or widespread public health emergency will cause us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed. The extent to which any future pandemic or widespread public health emergency further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. The degree to which any future pandemic or widespread public health emergency impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people.

Further in case the lockdown is imposed, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company. The full extent to which any future pandemic or widespread public health emergency impacts our business, operations and financial results will depend on numerous evolving factors that we may not be able to accurately predict, including: the scope, severity, and duration of the pandemic; actions taken by governments, business and individuals in response to the pandemic; the effect on customer demand for and ability to pay for our products; the impact on our capital expenditure; disruptions or restrictions on our employees' and suppliers' ability to work and travel; any extended period of remote work arrangements; and strain on our or our customers' business continuity plans, and resultant operational risk.

2. *A slowdown in economic growth in India could adversely affect our business, results of operations, financial condition and cash flows.*

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Economic growth in the country in which we operate is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports of materials, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production. Consequently, any future slowdown in the Indian economy could harm our business, results of operations, financial condition and cash flows. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margin.

3. *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 “*Key Industry Regulations and Policies*” on page 80 of this Letter of Offer for 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. Our Company will comply with relevant regulations as and when applicable. However, 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.

GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge being collected by the central and state governments. The GST has led to increase tax incidence and administrative compliance. Any future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

Further, the general anti avoidance rules (“GAAR”) provisions have been made effective from assessment year 2018-19 onwards, i.e.; financial Year 2017-18 onwards and the same may get triggered once transactions are undertaken to avoid tax. The consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain.

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.

4. *Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.*

Inflation is typically impacted by factors such as governmental policies, regulations, commodity prices, liquidity and global economic environment. Any change in the government or a change in the economic and deregulation policies could adversely affect the inflation rates. Continued high rates of inflation may increase our costs such as salaries, travel costs and related allowances, which are typically linked to general price levels. There can be no assurance that we will be able to pass on any additional costs to our clients or that our revenue will increase proportionately corresponding to such inflation. Accordingly, high rates of inflation in India could have an adverse effect on our profitability and, if significant, on our financial condition.

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

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our capital expenditure plans, business and financial performance and the price of our Equity Shares.

6. *We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards (“IFRS”). Our transition to IFRS reporting could have a material adverse effect on our reported results of operations or financial condition.*

Public companies in India, including us, may be required to prepare annual and interim financial statements under IFRS in accordance with the roadmap for convergence with IFRS announced by the Ministry of Corporate Affairs, Government of India through a press note dated January 22, 2010 (the “IFRS Convergence Note”). The Ministry of Corporate Affairs by a press release dated February 25, 2011 has notified that 35 Indian

Accounting Standards are to be converged with IFRS. The date of implementation of such converged Indian accounting standards has not yet been determined. Our financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP or our adoption of converged Indian Accounting Standards may adversely affect our reported results of operations or financial condition. This may have a material adverse effect on the amount of income recognized during that period and in the corresponding (restated) period in the comparative Fiscal/period.

7. *Financial difficulty and other problems in certain long-term lending institutions and investment institutions in India could have a negative impact on our business.*

We are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is referred to as "systemic risk," may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Our transactions with these financial institutions expose us to credit risk in the event of default by the counter party, which can be exacerbated during periods of market illiquidity. As the Indian financial system operates within an emerging market, we face risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme. The problems faced by individual Indian financial institutions and any instability in or difficulties faced by the Indian financial system generally could create adverse market perception about Indian financial institutions and banks. This in turn could adversely affect our business, financial condition, results of operations and cash flows.

8. *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.

9. *Political instability or changes in the Government could adversely affect economic conditions in India generally and our business in particular.*

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. Elimination or substantial change of policies or the introduction of policies that negatively affect the Company's business could cause its results of operations to suffer. Any significant change in India's economic policies could disrupt business and economic conditions in India generally and the Company's business in particular.

10. *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 Mumbai terrorist attacks 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.

SECTION –IV INTRODUCTION

This Issue has been authorized through a resolution passed by our Board at its meeting held on 29th September, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013. The following is a summary of this Issue and should be read in conjunction with and is qualified entirely by the information detailed in the chapter titled “Terms of the Issue” on page 143 of this Letter of Offer.

SUMMARY OF THE ISSUE

Equity shares offered through the Issue	Upto [•] [#] Equity Shares on partly paid-up basis pursuant to receipt of Application Money
Rights Entitlements	Upto [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares held by the Existing Equity Shareholders of our Company on the Record Date i.e. [•]
Record Date	[•]
Face Value per Equity Shares	Rs. 10.00/- per share
Issue Price per Equity Share	Rs. [•] per share (including Rs. [•] as share premium) <i>On Application, Investors will have to pay Rs. [•] per rights equity share which constitutes [•] of the issue price and the balance Rs. [•] per rights equity share which constitutes [•] of the issue price, will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.</i>
Issue Size	Upto [•] [#] Equity Shares of face value of Rs. 10.00/- each for cash at a price of Rs. [•] per share (including a share premium of Rs. [•] each) aggregating upto Rs. 48,60,00,000/-
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank pari passu in all respects with the Existing Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	37,50,000 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto [•] [#] Equity Shares
Scrip Details	ISIN: INE564C01013 BSE: 514378
Terms of the Issue	Please refer to the section titled “Terms of the Issue” on page 143 of this Letter of Offer
Use of Issue Proceeds	Please refer to the section titled “Objects of the Issue” on page 51 of this Letter of Offer.
Fractional Entitlement	For details in relation fractional entitlements, see "Terms of the Issue" beginning on page 143 of this Letter of Offer

[#]Assuming full subscription of the Issue and receipt of all calls money with respect to partly paid Equity Shares.

**The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [•] Rights Equity Shares for every [•] fully paid-up Equity Shares held by the eligible equity shareholders of our Company on the Record Date i.e. [•]. 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 Entitlements. 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.*

Please refer to the chapter titled “Terms of the Issue” on page 143 of this Letter of Offer.

Terms of payment

Due Date	Amount
<i>For issue of upto [•] Rights Equity Shares</i>	
On Application in this Issue	Rs. [•] per Rights Equity Share, which constitutes [•] of the Issue Price of Rs. [•] per Rights Equity Share.
On Call (in one or more calls)	Rs. [•] per Rights Equity Share which constitutes [•] of the Issue Price of Rs. [•] per Rights Equity Share, which will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.

GENERAL INFORMATION

Pursuant to the resolution passed by our Board at its meeting held on 29th September, 2023, our Company has been authorized to make the following Rights Issue to the Equity Shareholders of our Company.

Issue of upto [•][#] Equity Shares of face value of Rs. 10.00/- each for cash at a price of Rs. [•] per Equity share (including a share premium of Rs. [•] per Equity share), aggregating upto Rs. 48,60,00,000/- (Rupees Forty Eight Crores Sixty Lakhs Only) on a rights basis to the Existing Equity Shareholders of our Company on the Record date i.e. [•], in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares. The Issue Price is [•] times of face value of the Equity Shares.

[#]Assuming full Subscription of the Issue and receipt of all calls money with respect to partly paid Equity Shares.

For further details, please refer to the chapter titled “Terms of the Issue” on page 143 of this Letter of Offer.

REGISTERED OFFICE OF OUR COMPANY*

Yarn Syndicate Limited - Registered Office Address:

86/2/4, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata, West Bengal – 700014

Tel: +91-7043485611,

Email: ysl@yarnsyndicate.in

Website: <https://www.yarnsyndicate.in/>

CIN: L51109WB1946PLC013842

Registration Number: 013842

**(Change of Registered Office has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023.)*

Our Corporate office is situated at Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar Sector 7, Gujarat – 382 007.

BOARD OF DIRECTORS

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Letter of Offer:

Name of the Director	Designation	DIN	Address
Mr. Ravi Niranjana Pandya	Managing Director	09509086	F 202, Vedika Habitaat, Opp Urjanagar, Nr. City Pulse Cinema Lane, Gandhinagar Randsan, Gandhinagar - 382007
Mr. Nandish Jani	Non-Executive and Independent Director	09565657	15, Arasuri Society, Near Vyasvadi, Nava Vadaj, Ahmedabad - 380013
Ms. Nidhi Bansal	Non-Executive and Independent Director	09693120	99, Bansal Bhavan, Pali Road, Near Mela Ground Ward Num.08, Sheopur, Madhya Pradesh - 476337
Mr. Chetan Kumar Ojha	Non-Executive Director	09706197	E/202, Purushottam Nagar, Near Pink City Ranip, Ahmedabad – 382 480

For further details of our Board of Directors, see “Our Management” on page 95 of this Letter of Offer.

ADDRESS OF THE REGISTRAR OF COMPANIES

Our Company is registered with the ROC, Kolkata, West Bengal which is situated at the following Address:

Registrar of Companies, West Bengal

Nizam Palace, 2nd MSO Building,
2nd Floor, 234/4, A.J.C.B. Road,
Kolkata – 700 020, West Bengal.

Contact No.: 033-22877390

Email id: roc.kolkata@mca.gov.in

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Priya Singh

Address: Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar – 382 007, Gujarat

Tel No.: +91-7043485611

Email: yssl@yarnsyndicate.in

Investors may contact Compliance Officer or Registrar to the Issue for any pre-issue/post-issue related matters such as non-receipt of letters of allotment/share certificates/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 for grievances related to ASBA, giving full details such as name, address of the applicant, e-mail id of the first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA account number and the Designated Branch of the SCSBs where the plain paper application was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For further details on the ASBA process, please refer to the section titled “Terms of the Issue” beginning on page 143 of this Letter of Offer.

REGISTRAR TO THE ISSUE

M/s. Cameo Corporate Services Limited

Subramanian Building, 1 Club House Road, Chennai - 600 002

Tel: +91-44-40020700

Email: rights@cameoindia.com

Investor Grievance Email id: investor@cameoindia.com

Website: <https://cameoindia.com/>

Contact Person: Ms. K. Sreepriya

SEBI Registration No: INR000003753

CIN: U67120TN1998PLC041613

STATUTORY AUDITORS OF OUR COMPANY

M/s. S P Sarda & Co.

Chartered Accountants

Address: Siddha Weston, 9, Weston Street, Unit No. 320, Kolkata-700013

Contact No.: 033-40064746

Email: spsarda1995@yahoo.com

Contact Person: Mr. Ankit Agrawal

Membership Number: 305132

Firm Registration No.: 323054E

BANKERS TO THE ISSUE

[•]

Advisors to the Issue:

Gaurav Bachani & Associates

Company Secretaries,

308, Tilakraj Complex, In lane next to Bank of Baroda, Opp. Central Mall, Near Ambawadi Circle,
Ahmedabad - 380 006

Tel: +91-79-48927740 / 90166 4499

E-mail id: csgauravbachani@gmail.com

Mem No.: A61110

COP: 22830

Peer Review Number: 2126/2022

Registrar to the Company:

Name: R&D Infotech Private Limited,

Address: 15/C Naresh Mitra Sarani Formerly Beltala Road
Kolkata, West Bengal – 700 026

E-mail id: rdinfotec@yahoo.com

Contact: 91 (033) 2419 2641/42

Contact Person: Mr. Anup Mitra

Website: www.rdinfotech.org

SEBI Registration: INR000003985

Bankers to the Company:

Yes Bank Limited

Shop No 4 and 5, Ground Floor and First Floor,
Galaxy Bazar, Near Sunrise Park,
Vastrapur, Ahmedabad – 380 015.

Contact Person: Miti Thakkar

Telephone: +919825088834

Email: miti.mehta@yesbank.in

Website: www.yesbank.in

CIN: L65190MH2003PLC143249

Legal advisors to the Issue:

J Mukherjee & Associates

Advocates & Solicitors

Mob No.: 9830640366

Address: D-1, MMS Chambers, 1st Floor 4A,
Council House Street, Kolkata – 700001, West Bengal

Email: jmukherjeeandassociates@gmail.com

Tax advisors to the Issue:

CA Pankaj Agarwal

Address: B202, Anand Mangal Apartments,
Near Zydus School, Ahmedabad – 380051

Tel: +91-8560859744

Email: capankajabu@gmail.com

Experts

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

Designated Intermediaries

Self-Certified Syndicate Bankers

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.

For further details on the ASBA process, please refer to the details given in ASBA form and to the chapter titled “Terms of the Issue” starting on page 143 of this Letter of Offer.

Investor Grievances

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

Credit Rating

This being an Issue of Equity shares, no credit rating is required.

Inter-se allocation of Responsibilities for the Issue

The Company has not appointed any merchant banker to the Issue (except for the purpose of obtaining pricing certificate, as may be required,) and hence there is no inter-se allocation of responsibilities.

Debenture Trustees

This being an issue of Equity Shares, the appointment of Debenture Trustees is not required.

Monitoring Agency

As the Issue size is less than Rs. 10,000 lakhs, under the SEBI ICDR Regulations, the Company is not required to appoint a Monitoring Agency pertaining to this Issue.

Underwriting Agreement

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

Appraising Entity

None of the purposes for which the Issue Proceeds are proposed to be utilized have been financially appraised by any Bank or Financial Institution.

Minimum Subscription

In accordance with Regulation 86 of the SEBI ICDR Regulations, for this Issue the minimum subscription which is required to be achieved is of at least 90% of the Issue. Our Company does not fall under the exemption to Regulation 86(1) which has been inserted by the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020.

In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 90% of the Issue Size, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue closing date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are “officers in defaults” shall pay interest for the delayed period, at such rates as prescribed under the applicable laws.

Changes in Auditors during the last three years

M/s. S. P. Sarda & Co., Chartered Accountants (FRN: 323054E), Kolkata have been appointed as the Statutory Auditors of the Company for a term of 5 (Five) consecutive years, from the conclusion of the 76th Annual General Meeting of the Company till the conclusion of the 81st Annual General Meeting of the Company to be held in calendar year 2027 at such remuneration plus applicable taxes thereon and as may be mutually agreed between the Board of Directors of the Company and Statutory Auditor, in addition to reimbursement of all out-of-pocket expenses as may be incurred by them for the purpose of audit.

Issue Schedule

Last date for credit of Rights Entitlements	[•]
Issue Opening Date	[•]
Last date for On-market renunciation of rights/Date of closure of trading of Rights Entitlements [#]	[•]
Issue Closing Date*	[•]
Finalising the basis of allotment with the Designated Stock Exchange (on or about)	[•]
Date of Allotment (on or about)	[•]
Date of Credit (on or about)	[•]
Date of Listing (on or about)	[•]

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

*Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time 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.

**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.

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 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 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 and will be filed with BSE Limited.

CAPITAL STRUCTURE

Our Company's share capital, as on the date of this Letter of Offer, is set forth below:

(Amount in Lakhs except share data)

	Particulars	Aggregate value at Face Value	Aggregate value at Issue Price
A	AUTHORISED SHARE CAPITAL		
	2,20,00,000 Equity Shares of face value of Rs. 10.00/- each*	22.00	N.A.
B	ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE		
	37,50,000 Equity Shares of face value of Rs. 10.00/- each	375.00	N.A.
C	PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS THROUGH THIS LETTER OF OFFER⁽¹⁾		
	Upto [•] [#] Rights Equity Shares of face value of Rs. 10.00/- each for cash at a price of Rs. [•] per Equity Share ⁽⁴⁾	[•]	[•]
D	ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE⁽²⁾		
	37,50,000 Fully Paid-up Equity Shares	375.00	N.A.
	[•] Partly Paid-up Equity Shares	[•]	N.A.
E	SECURITIES PREMIUM ACCOUNT		
	Before this Issue		437.50
	After this Issue ⁽³⁾		[•]
	After all the calls are made in respect of Rights Equity Shares ⁽⁵⁾		[•]

⁽¹⁾This Issue has been authorised by a resolution passed by our Board at its meeting held on 29th September, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

⁽²⁾Assuming full subscription for and Allotment of the Rights Entitlements. Please note that the Payment Method and the right to call up the remaining paid-up share capital in one or more calls will be, as determined by the Board or the Rights Issue Committee, at their sole discretion.

⁽³⁾Assuming full subscription and allotment & receipt of all call monies with respect to the Rights Equity Shares.

⁽⁴⁾On application, investors will have to pay Rs. [•] per rights equity share which constitutes [•] of the issue price and the balance Rs. [•] per rights equity share which constitutes [•] of the issue price, will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.

⁽⁵⁾Assuming full payment of all calls by holders of Rights Equity Shares.

* Resolution for increase in Authorised Share Capital upto Rs. 22.00 Crores has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023.

**Assuming full acceptance and subject to finalization of Basis of Allotment, Allotment and deduction of Issue Expenses

Notes to the Capital Structure:

- i. Our Company does not have any employee stock option scheme or employee stock purchase scheme.
- ii. Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer, which would entitle the holders to acquire further Equity Shares.
- iii. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Letter of Offer. For further details on the terms of the Issue, please see the chapter titled "Terms of the Issue" on page 143 of this Letter of Offer.

A. Shareholding of Promoter and Promoter Group:

The details of Equity Shares held by the Promoter and Promoter Group including the details of lock-in, pledge and encumbrance on such Equity Shares as on June 30, 2023 are set forth below:

Sr. No.	Name of the Promoter & Promoter Group***	Number of fully paid-up Equity Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Details of Equity Shares pledged / encumbered		Details of Equity Shares locked-in	
				No. of Equity Shares	% of total shares held	No. of Equity Shares	% of Total Shares held
1.	Ravi Niranjana Pandya	13,13,646	35.03	0	0.00	0	0.00
2.	Rishiraj Patodia	0	0.00	0	0.00	0	0.00
3.	Sheela Patodia	0	0.00	0	0.00	0	0.00
4.	Anuj Patodia	2,400	0.06	0	0.00	0	0.00
5.	Indu Chandrakishore Poddar	0	0.00	0	0.00	0	0.00
6.	Jayanti Dalmia	0	0.00	0	0.00	0	0.00
7.	Manoj Kumar Patodia	0	0.00	0	0.00	0	0.00
8.	Nandita Patodia	0	0.00	0	0.00	0	0.00
9.	Y S Exports Limited	0	0.00	0	0.00	0	0.00
Total		13,16,046	35.09	0	0.00	0	0.00

***Except Mr. Ravi Niranjana Pandya, all the Promoters (incl. Promoter Group) of our Company have applied for Reclassification of Promoters vide Application No.: 185131 dated 18th September, 2023 and the application is under process. Further, Outgoing Promoters has no nexus with the Company and also Outgoing Promoters are not controlling the Board Structure.

None of the Equity Shares held by our Promoter and Promoter Group are pledged with any bank or institution, or otherwise encumbered.

B. Details of Equity Shares acquired by Promoter or Promoter Group in the last one year

The Acquirer (i.e. Mr. Ravi Niranjana Pandya) has entered into the SPA with the Selling Shareholder (i.e. Ms. Sheela Patodia), on November 17, 2022, for the acquisition of 13,13,546 (Thirteen Lakhs Thirteen Thousand Five Hundred and Forty-Six) Equity Shares representing 35.03% of the Paid Up and voting Equity Share Capital of Target Company at a price of Rs. 4.00/- (Rupees Four only) per Equity Share aggregating to Rs. 52,54,184/- (Rupees Fifty Two Lakhs Fifty Four Thousand One Hundred and Eight Four Only), payable in cash along with the acquisition of control over the Target Company.

The prime objective of the Acquirer for the Open Offer is the substantial acquisition of Equity Shares and voting rights and control over the management and affairs of the Target Company.

C. Intention and extent of participation in the Issue by the Promoter and Promoter Group

The Promoters and members of the Promoter Group of our Company have indicated their intention to subscribe, jointly and/or severally to the full extent of their Rights Entitlement and any Rights Entitlement renounced in their favour by any other Promoter(s) or member(s) of the Promoter Group of our Company subject to availability of funds.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

D. The ex-rights price per Equity Share arrived in accordance with Regulation 10(4)(b) of the SEBI SAST Regulations is [●].

E. At any given time, there shall be only one denomination of the Equity Shares.

F. The details of the promoter and promoter group shareholders holding of the Company as on date of this Letter of Offer are as under:

Sr. No.	Name of Promoters and Promoter Group***	No. of Equity Shares held	% of Total share capital
1.	Mr. Ravi Niranjan Pandya	13,13,646	35.03
2.	Mr. Rishiraj Patodia	0	0.00
3.	Ms. Sheela Patodia	0	0.00
4.	Mr. Anuj Patodia	0	0.00
5.	Ms. Indu Chandrakishore Poddar	0	0.00
6.	Ms. Jayanti Dalmia	0	0.00
7.	Mr. Manoj Kumar Patodia	0	0.00
8.	Ms. Nandita Patodia	0	0.00
9.	M/s. Y S Exports Limited	0	0.00
	Total	13,13,646	35.03

***Except Mr. Ravi Niranjan Pandya, all the Promoters (incl. Promoter Group) of our Company have applied for Reclassification of Promoters vide Application No.: 185131 dated 18th September, 2023 and the application is under process. Further, Outgoing Promoters has no nexus with the Company and also Outgoing Promoters are not controlling the Board Structure.

G. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:

- Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchange, i.e., as on June 30, 2023 is available on the website of BSE at <https://www.bseindia.com/stock-share-price/yarn-syndicate-ltd/yarnsyn/514378/shareholding-pattern/>
- Statement showing holding of the Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on June 30, 2023 can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=514378&qtrid=118.00&QtrName=June%202023>
- The statement showing holding of Equity Shares belonging to the category “Public” including the details of lock-in, pledge of and encumbrance thereon as on June 30, 2023, can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=514378&qtrid=118.00&QtrName=June%202023>
- Statement showing shareholding pattern of the Non Promoter-Non Public shareholder of our Company as on June 30, 2023 can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=514378&qtrid=118.00&QtrName=June%202023>

SECTION – V PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds raised through the Issue (“**Gross Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the following objects (collectively, referred to as the “**Objects**”):

1. Acquisition of Equity shares in Stitched Textiles Limited;
2. Incremental working capital requirements.
3. General Corporate Purpose

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

ISSUE PROCEEDS

The Details of Issue proceeds and its utilization are as under:

Particulars	Estimated Amount (in Lakhs)
Gross Proceeds to be raised through the Issue*	4860.00
Less: Issue related expenses	[•]
Net Proceeds to be raised through the issue	[•]
Utilization of the net proceeds	
(a) Acquisition of Equity shares in Stitched Textiles Limited	2534.50
(b) Incremental working capital requirements	1350.00
(c) General Corporate Purpose**	[•]
Net Proceeds	[•]

*Assuming full subscription and allotment & receipt of all call monies with respect to the Rights Equity Shares.

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

UTILISATION OF NET ISSUE PROCEEDS

We propose to deploy the Net Proceeds towards the 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 financed from Net Proceeds of the Issue (Rs. in Lakhs)	Estimated deployment in FY 2023-24 (Rs. in Lakhs)	Estimated deployment in FY 2024-25 (Rs. in Lakhs)
1.	Acquisition of Equity Shares in Stitched Textiles Limited	2534.50	2534.50	-
2.	Incremental Working Capital	1350.00	1350.00	-
3.	General Corporate Purpose**	[•]	[•]	-
	Net Proceeds*	[•]	[•]	-

^Any portion of the Net Proceeds not deployed for the stated Objects in FY 2023-24 will be deployed by our Company in FY 2024-25.

*Assuming full subscription and allotment & receipt of all call monies with respect to the Rights Equity Shares.

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

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any Bank or Financial Institution. The deployment of funds raised through this Issue is 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. In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. Our historical funding requirements may not be reflective of our future funding plans. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition and other external factors which may not be within our control. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

In case of any increase in the actual utilization of funds earmarked for any of the Objects of the Issue or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met by means available to us, including by way of incremental debt and/or internal accruals. If the actual utilization towards any of the objects is lower than the proposed deployment, such balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds from the Issue in accordance with applicable law.

Means of Finance

The fund requirements set out above are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised to be issue and through existing identifiable accruals.

DETAILS OF USE OF ISSUE PROCEEDS

1. Acquisition of Equity shares in Stitched Textiles Limited

M/s. Stitched Textiles Limited, incorporated on 2nd November, 2015, having its Registered Office at Ahmedabad, Gujarat and also known by its brand **BARCELONA** – that personifies style, attitude, luxury and comfort.

The Company is in the business of manufacturing, distributing and selling sports apparel, winter-wear, etc. and operates more than 100 stores in franchisee model in over 50 cities in India, as of now. The Company is engaged in the business of sourcing fabric from the local markets of Ahmedabad and outsources its job work to the Manufacturers at Bombay, Ludhiana, Jaipur, Umergaon, Delhi, Surat, Gurugram, Daman, Banglore, Himmatnagar, Ahmedabad, and Bhilwada under the supervision of Company personnel for designs and quality control. The finished products are branded and sold under the name of **BARCELONA**. The Company develops fabrics and garments for its store, crafted by proficient people. It is a known fashion house and dedicated towards providing value to customers with its classic and luxury products range.

The Company presently has warehouse at Ahmedabad for the purpose of storing sourced textiles as well as finished goods. The finished products are then shipped and sold through various retail stores under the brand name '**BARCELONA**', many of which are owned and operated by franchisees.

Whereas, M/s. Yarn Syndicate Limited - a BSE listed Company, is a Merchant Exporter & trader and is fully involved in trading of various types of yarn, raw cotton and fabrics, intends to acquire stake in Stitched Textiles Limited to form a subsidiary Company.

Moreover, M/s. Yarn Syndicate Limited wants to enter the retail market and expand its presence in both fashion industry and sportswear.

This business strategy will create a win-win situation for all the stakeholder's and the Companies involved, henceforth, enabling the Company to raise outlook for the future years. The expansion into the retail segment is a milestone moment in the growth of M/s. Yarn Syndicate Limited. Moreover, M/s. Yarn Syndicate Limited will introduce the world-class garments through retail medium. This investing strategy will assist M/s. Yarn Syndicate Limited by entering into new business dimension, subsequently leading the Company to a new direction of growth.

Looking forward, the opportunity set continues to be attractive across all of their businesses. This plan of action will enhance the scale and ability to drive higher & provide more durable returns.

Also for better understanding and transparency between the Companies, a two way support will be provided from both of the Companies that will grow business of the Company.

The Investment by **M/s. Yarn Syndicate Limited** is proposed to be undertaken by way of acquisition of Equity shares of M/s. Stitched Textiles Limited for an aggregate estimated amount of Rs. 25.345 Crores. Investment in Stitched Textiles Limited will be in the form of new acquisition of 6,30,00,000 Equity shares at Rs. 3.15/- per share and 1,74,60,318 Equity shares will be acquired from current Promoter. In total 8,04,60,318 Equity shares (i.e. 65.16 %) at Rs. 3.15/- per share amounting to Rs. 25.345 Crores will be acquired in M/s. Stitched Textiles Limited.

The Valuation Report shall be available on the Company's website at www.yarnsyndicate.in from this link: <https://www.yarnsyndicate.in/right-issue.php> .

The Director will be appointed in M/s. Stitched Textiles Limited by M/s. Yarn Syndicate Limited and simultaneously Director from M/s. Stitched Textiles Limited will be appointed in M/s. Yarn Syndicate Limited within 30 days of investment.

➤ Additional disclosures for one of the objects being investment in nature

Sr. No.	Particulars	Status
1.	Name of Entity	M/s. Stitched Textiles Limited
2.	Details of form of Investment	Investment in Stitched Textiles Limited will be in the form of new acquisition of 6,30,00,000 Equity shares at Rs. 3.15/- per share and 1,74,60,318 Equity shares will be acquired from current Promoter. In total 8,04,60,318 Equity shares (i.e. 65.16 %) at Rs. 3.15/- per share amounting to Rs. 25.345 Crores will be acquired in Stitched Textiles Limited.

3.	If form of Investment has not been decided, a statement to that effect	Not applicable
4.	If Investment is in debt instrument, complete details regarding rate of interest, whether secured or unsecured	Not applicable
5.	If Investment is in Equity, whether any dividends are assured	No
6.	The nature of the Benefit expected to accrue as a result of the investment	Post this acquisition, Yarn Syndicate Limited will get a right to use the brand name 'BARCELONA'. Yarn will encash the brand name and expand the retail footprint by acquiring the existing business of "Barcelona". The deal brings potential synergies from the increased geographic presence, improving sourcing efficiencies and cost rationalisation. Yarn will get the existing customer base benefit by having access to the existing business of Stitched. The Investor will be benefitted in terms of using the brand name, expand the already huge customer base, and they will be entering into the market of the Company.
7.	Whether the said parties are related to promoters/ promoter Group/ group companies in any manner, if yes, nature of relationship.	No
8.	Whether the transactions would fall within related party transactions?	No

2. Incremental working capital requirements

Our business is working capital intensive. We finance our working capital requirement from our internal accruals, and bank finance. Considering the existing and future growth, the incremental working capital needs of our Company, as assessed based on the internal workings of our Company is expected to reach ₹ 1350.00 Lakhs.

We intend to meet our working capital requirements to the extent of ₹ 1350.00 Lakhs from the Net Proceeds of this Issue and the balance will be met from internal accruals at an appropriate time as per the requirement.

Basis of estimation of working capital

Particulars	Projected amount (in lakhs)
(A) Current Assets	
Current Investment	0.00
Closing stock	390.81
Debtors	971.25
Advance paid to creditors and advances	70.69
Other current assets	
Cash & cash equivalents	172.50
Total Current Assets (A)	1605.25
(B) Current Liabilities	
Sundry Creditors	130.25
Advances from customers and other current liabilities	125.00
Statutory Liabilities	
Total Current Liabilities (B)	255.25
Working Capital requirement (A-B)	1350.00

A. Detailed Assessment of Working Capital:

The details of our Company's composition of working capital as at March 31, 2024 and March 31, 2025 based on the Financial Statements. Further, the source of funding of the same are as set out in the table below:

(Rs. in Lakhs)

Particulars	2019-20 (Aud.)	2020-21 (Aud.)	2021-22 (Aud.)	2022-23 (Aud.)	2023-24 (Proj.)	2024-25 (Proj.)
1. Income						
(i) Sales-Domestic	0.00	0.00	0.00	0.00	925.00	1387.50
(ii) Other Operating Income	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Other Income	0.09	0.25	59.59	2.94	0.00	0.00
TOTAL	0.09	0.25	59.59	2.94	925.00	1387.50
2. Net Income	0.09	0.25	59.59	2.94	925.00	1387.50
3. Percentage of rise / fall in Net income	0.00	166.95	23736.00	-95.07	31362.59	50.00
4. Cost of Sales						
(i) Purchase	0.00	0.00	0.00	0.00	601.25	901.88
(ii) Power and Fuel	0.00	0.00	0.00	0.00	11.47	17.21
(iii) Labourr	0.00	0.00	0.00	0.00	46.25	69.38
(iv) Other Direct Expenses	0.00	12.35	14.07	13.17	0.00	0.00
(v) Depreciation	1.66	0.00	0.00	0.00	7.50	56.75
(vi) Sub-total (i to vi)	1.66	12.35	14.07	13.17	666.47	1045.21
(vii) Cost of Production	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Add : Op. stocks of F.G.	0.00	0.00	0.00	0.00	0.00	120.25
Sub-Total	0.00	0.00	0.00	0.00	0.00	120.25
(ix) Deduct : Closing stocks of F.G.	0.00	0.00	0.00	0.00	120.25	270.56
(x) Cost of Sales	1.66	12.35	14.07	13.17	546.22	894.89
5. Selling, General and Adm. Expenses	144.50	6.77	5.19	5.84	92.50	69.38
6. Subtotal (4 + 5)	146.16	19.12	19.26	19.01	638.72	964.27
7. Operating Profit before Interest (3 - 6)	-146.06	-18.87	40.33	-16.07	286.28	423.23
8. Other Financial Charges.	0.02	0.00	0.00	0.00	0.00	0.00
Total Financial Charges	0.02	0.00	0.00	0.00	0.00	0.00
9. Operating Profit after Interest (7 - 8)	-146.08	-18.87	40.33	-16.07	286.28	423.23
10. Profit before Tax / Loss	-146.08	-18.87	40.33	-16.07	286.28	423.23
11. Statutory Liabilities	-11.59	15.76	0.00	0.00	72.05	106.52
12. Net Profit [10 - 11]	-134.49	-34.63	40.33	-16.07	214.23	316.71
13. Retained Profit	134.49	34.63	40.33	-16.07	214.23	316.71
14. Retained Profit / Net Profit (% age)	100.00	100.00	100.00	100.00	100.00	100.00
Current Liabilities:						
01 Short Term Borrowings from Banks						
(i) From Inter Corporates	28.00	28.00	36.46	18.53	0.00	0.00

(ii) From related parties	49.89	58.37	18.54	24.70	0.00	0.00
Sub - Total (A)	77.88	86.36	55.00	43.23	0.00	0.00
02 Sundry Creditors	2.85	2.45	2.83	2.68	120.25	10.00
03 Statutory Liabilities	0.00	0.00	0.00	0.00	0.00	0.00
04 Advance from customers	0.00	0.00	0.00	0.00	0.00	0.00
05 Other C.L. & Provisions (Specify Major Items)	10.60	4.62	4.27	5.54	50.00	75.00
Sub - Total (B)	13.45	7.07	7.10	8.22	170.25	85.00
06 Total Current Liabilities	91.33	93.44	62.10	51.45	170.25	85.00
07 Unsecured Loans from Banks / Directors	0.00	0.00	0.00	0.00	0.00	0.00
08 Secured borrowings	0.00	0.00	0.00	0.00	0.00	0.00
09 Other Term Liabilities (Q.E.)	0.00	8.73	8.73	8.73	0.00	0.00
10 Total Term Liabilities (Total of 07 to 09)	0.00	8.73	8.73	8.73	0.00	0.00
11 Total outside Liabilities (06 + 10)	91.33	102.17	70.83	60.18	170.25	85.00
12 Paid-Up Capital	375.00	375.00	375.00	375.00	1675	2175
13 Reserves and Surplus	-272.27	-406.76	-441.40	-401.07	1794.17	2644.17
14 Surplus (+) or Deficit (-) in Profit and Loss account	-134.49	-34.63	40.33	-16.07	214.23	530.94
15 Net Worth (Total of 12 to 14)	-31.76	-66.40	-26.07	-42.14	3683.40	5350.11
16 Total Liabilities (11 + 15)	59.57	35.77	44.76	18.04	3853.65	5435.11
17 Cash and Bank Balances	5.23	5.19	4.66	8.63	72.50	100.00
18 (I) Receivables other than deferred & Exports including B.P./B.D. by Bank	0.00	0.00	0.00	0.00	277.50	693.75
(iii) Finished Goods	0.00	0.00	0.00	0.00	120.25	270.56
19 Advances to suppliers of Raw mate. stores/spares	0.00	0.00	0.00	0.00	0.00	70.69
20 Other Current Assets						
(i) Current Investment	31.33	0.00	0.00	0.00	0.00	0.00
(ii) Loans & advances	0.00	22.12	31.64	2.02	0.00	0.00
(iii) Others	0.00	1.20	1.20	1.20	0.00	0.00
21 Total Current Assets	36.55	28.51	37.50	11.85	470.25	1135.00
22 Gross Block (incl. work in progress)	23.03	7.27	7.27	6.21	75.00	567.50
23 Depreciation to-date	0.00	0.00	0.00	0.00	7.50	56.75

24 Net Block (22 - 23)	23.03	7.27	7.27	6.21	67.50	510.75
(a) Investment in group Cos.	0.00	0.00	0.00	0.00	2534.50	2534.50
(b) Others	0.00	0.00	0.00	0.00	0.00	254.86
(c) Loans & advances	0.00	0.00	0.00	0.00	781.40	1000.00
25 Total Other Non-Current Assets (a + b)	0.00	0.00	0.00	0.00	3315.90	3789.36
26 Total Assets (Total of 21, 24 & 25)	59.57	35.78	44.77	18.06	3853.65	5435.11
27 Tangible Net Worth	-31.77	-66.39	-26.06	-42.12	3683.40	5350.11
28 Net Working Capital	-54.78	-64.93	-24.60	-39.60	300.00	1050.00
29 Current Ratio C.R. (Excluding Term Loan Instalment)	0.40	0.31	0.60	0.23	2.76	13.35
30 Total outside Liabilities / Tangible Net Worth (TOL / TNW)	-2.88	-1.54	-2.72	-1.43	0.05	0.02

3. General Corporate Purpose

We intend to deploy Rs. [•] from Gross Proceeds of the Rights Issue towards General Corporate purposes. The General Corporate purposes for which our Company proposes to utilize issue proceeds include but not restricted to entering into brand building exercises and strengthening our marketing capabilities, general maintenance, partnerships, tie-ups or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by our Board of Directors. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for General Corporate purposes. Further, the amount for General Corporate purposes, as mentioned in this Letter of Offer, shall not exceed 25% of the amount raised by our Company through this Issue.

ISSUE EXPENSES

The total expenses of the Issue are estimated to be approximately [•]*. The expenses of the Issue include, among others, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	Expenses (in Lakhs)	% of Estimated Issue Size	% of the Issue Expenses
Fees of Banker to the Issue, Registrar to the Issue, Auditor's Fees, etc. including out of pocket expenses	[•]	[•]	[•]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[•]	[•]	[•]
Advertising, Printing and Distribution	[•]	[•]	[•]
Other expenses (including miscellaneous expenses and stamp duty)	[•]	[•]	[•]
Total	[•]	[•]	[•]

* Subject to finalization 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 Issue Expenses/general corporate purpose. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.

APPRAISAL OF THE OBJECTS

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

INTERIM USE OF FUNDS

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

BRIDGE LOAN

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

MONITORING UTILIZATION OF FUNDS FROM ISSUE

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

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

STRATEGIC AND FINANCIAL PARTNERS TO THE OBJECTS OF THE ISSUE

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

KEY INDUSTRY REGULATIONS FOR THE OBJECTS OF THE ISSUE

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

OTHER CONFIRMATIONS

No part of the Net Proceeds will be paid by us as consideration to our Promoters and Promoter Group, our Directors, associates or Key Managerial Personnel, and in the normal course of business and in compliance with the applicable laws.

VARIATION IN OBJECTS

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules there under. As per the current provisions of the Companies Act, our Promoters or controlling Shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

STATEMENT OF POSSIBLE TAX BENEFITS

To
**The Board of Directors,
Yarn Syndicate Limited**
Kolkata

Dear Sir,

Reference – Rights Offer of Equity Shares by Yarn Syndicate Limited

Subject - Statement of possible tax benefits (“the statement”) available to Yarn Syndicate Limited (“the Company”) and its shareholders

1. We hereby confirm that the enclosed Annexure 1 and 2 (together "**the Annexures**"), prepared by **Yarn Syndicate Limited("the Company")**, provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income tax Act, 1961 ('the Act') as amended by the Finance Act 2023, circular and notifications issued from time to time, i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, the Central Goods and Services Tax Act, 2017 and the Integrated Goods and Services Tax Act, 2017, circular and notifications issued from time to time, i.e., applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25 ('**the Indirect Tax Act**'), presently in force in India (together, the "**Tax Laws**"), several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are 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 initial public offering.
3. We do not express any opinion or provide any assurance as to whether:
 - i. the Company or its shareholders will continue to obtain these benefits in future;
 - ii. the conditions prescribed for availing the benefits have been/would be met with; and
 - iii. the revenue authorities' courts will concur with the views expressed herein.
4. The Content of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the company.
5. No assurance is given that the revenue authorities/Courts will concur with the view expressed herein. Our views are based on existing provisions of law and its implementation, which are subject to change from time to time. We do not assume any responsibility to updates the views consequent to such changes.
6. We shall not be liable to 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.
7. This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibility under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 for inclusion in the Letter of Offer/Offer Documents in connection with the proposed issue of equity shares and is not be used, referred to or distributed for any other purpose without our written consent.

For, S P Sarda & Co,
Chartered Accountants
Firm Registration No. 323054E

SD/-
Ankit Agarwal
Partner
Membership No.: 305132
UDIN: 23305132BGUADN7154

Date: 29/09/2023
Place: Kolkata

ANNEXURE 1 TO THE STATEMENT OF TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Act presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

A. Special Tax Benefits to the Company

The Company is not entitled to any special tax benefits under the Direct Tax Act.

B. Special Tax Benefits to the Shareholder

The Shareholders of the Company are not entitled to any special tax benefits under Direct Tax Act.

Note:

1. All the above benefits are as per the current tax laws and will be available only to the sole/first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

For, S P Sarda & Co,

Chartered Accountants

Firm Registration No. 323054E

SD/-

Ankit Agarwal

Partner

Membership No.: 305132

UDIN: 23305132BGUADN7154

Date: 29/09/2023

Place: Kolkata

ANNEXURE 2 TO THE STATEMENT OF TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the c Tax Act, presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION.

A. Special Tax Benefits to the Company

The Company is not entitled to any special tax benefits under the Goods and Services Tax Act.

B. Special Tax Benefits to the Shareholder

The Shareholders of the Company are not entitled to any special tax benefits under the Goods and Services Tax Act.

Note:

1. All the above benefits are as per the current tax laws and will be available only to the sole/first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant indirect tax law benefits and does not cover any direct tax law benefits or benefit under any other law.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Letter of Offer/Offer Documents.

**For, S P Sarda & Co,
Chartered Accountants**

Firm Registration No. 323054E

SD/-

Ankit Agarwal

Partner

Membership No.: 305132

UDIN: 23305132BGUADN7154

Date: 29/09/2023

Place: Kolkata

INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and other industry sources. Neither we nor any other person connected with this Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly investment decisions should not be based on such information.

GLOBAL ECONOMIC OUTLOOK:

- Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.
- The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking, reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. Financial sector turbulence could resume as markets adjust to further policy tightening by central banks. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient.
- In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthening financial supervision and risk monitoring. Should market strains materialize, countries should provide liquidity promptly while mitigating the possibility of moral hazard. They should also build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels.

➤ FORCES SHAPING THE OUTLOOK

- The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine is slowing amid widening divergences among economic sectors and regions.
- The World Health Organization (WHO) announced in May that it no longer considers COVID-19 to be a "global health emergency." Supply chains have largely recovered, and shipping costs and suppliers' delivery times are back to pre-pandemic levels. But forces that hindered growth in 2022 persist. Inflation remains high and continues to erode household purchasing power. Policy tightening by central banks in response to inflation has raised the cost of borrowing, constraining economic activity. Immediate concerns about the health of the banking sector have subsided, but high interest rates are filtering through the financial system, and banks in advanced economies have significantly tightened lending standards, curtailing the supply of credit. The impact of higher interest rates extends to public finances, especially in poorer countries grappling with elevated debt costs, constraining room for priority investments. As a result, output losses compared with pre-pandemic forecasts remain large, especially for the world's poorest nations.
- Despite these headwinds, global economic activity was resilient in the first quarter of 2023, with that resilience driven mainly by the services sector. The post-pandemic rotation of consumption back toward services is approaching completion in advanced economies (including in tourism-dependent economies of southern Europe), and it accelerated in a number of emerging market and developing economies in the first quarter (Figure 1). However, as mobility returns to pre-pandemic levels, the scope for further acceleration appears more limited.
- At the same time, nonservices sectors, including manufacturing, have shown weakness, and high-frequency indicators for the second quarter point to a broader slowdown in activity. Amid softening consumption of goods, heightened uncertainties regarding the future geoeconomic landscape, weak productivity growth, and a more challenging financial environment, firms have scaled back investment in productive capacity. Gross fixed capital formation and industrial production have slowed sharply or contracted in major advanced economies, dragging international trade and manufacturing in emerging markets with them. International trade and indicators of demand and production in manufacturing all point to further weakness. Excess savings built up during the pandemic are declining in advanced

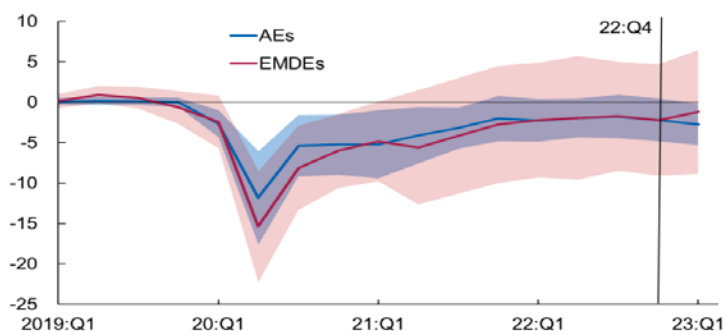
economies, especially in the United States, implying a slimmer buffer to protect against shocks, including those to the cost of living and those from more restricted credit availability.

• *The fight against inflation continues.*

Inflation is easing in most countries but remains high, with divergences across economies and inflation measures. Following the buildup of gas inventories in Europe and weaker-than-expected demand in China, energy and food prices have dropped substantially from their 2022 peaks, although food prices remain elevated. Together with the normalization of supply chains, these developments have contributed to a rapid decline in headline inflation in most countries. Core inflation, however, has on average declined more gradually and remains well above most central banks' targets. Its persistence reflects, depending on the particular economy considered, pass-through of past shocks to headline inflation into core inflation, corporate profits remaining high, and tight labor markets with strong wage growth, especially in the context

of weak productivity growth that lifts unit labor costs. However, to date, wage-price spirals—wherein prices and wages accelerate together for a sustained period—do not appear to have taken hold in the average advanced economy, and longer-term inflation expectations remain anchored. In response to the persistence of core inflation, major central banks have communicated that they will need to tighten monetary policy further. The Federal Reserve paused rate hikes at its June meeting but signaled further ones ahead, and the Reserve Bank of Australia, Bank of Canada, Bank of England, and European Central Bank have continued to raise rates. At the same time, in some other economies, particularly in East Asia, where mobility curbs during the pandemic restricted demand for services longer than elsewhere, core inflation has remained low. In China, where inflation is well below target, the central bank recently cut policy interest rates. The Bank of Japan has kept interest rates near zero under the quantitative and qualitative monetary easing with yield curve control policy.

Figure 1. Value Added in the Services Sector: Distance to Pre-Pandemic Trends (Percent)



Sources: Haver Analytics; and IMF staff calculations.

Note: The lines denote means and the bands represent one standard deviation around the means. For 18 AEs, the sample comprises AUS, CAN, CHE, CZE, DEU, DNK, ESP, FRA, GBR, ISR, ITA, KOR, NOR, NZL, SGP, SWE, TWN, and USA. For 16 EMDEs, the sample comprises ARG, BRA, CHL, CHN, COL, HUN, IDN, IND, MEX, MYS, PER, PHL, RUS, THA, TUR, and ZAF. Economy list uses International Organization for Standardization (ISO) country codes. AEs = advanced economies; EMDEs = emerging market and developing economies.

Acute stress in the banking sector has receded, but credit availability is tight. Thanks to the authorities' swift reaction, the March 2023 banking scare remained contained and limited to problematic regional banks in the United States and Credit Suisse in Switzerland. Accordingly, since the April 2023 WEO, global financial conditions have eased (Box 1), a sign that financial markets may have become less concerned about risks to financial stability coming from the banking sector. But tight monetary policy continues to put some banks under pressure, both directly (through higher costs of funding) and indirectly (by increasing credit risk). Bank lending surveys in the United States and Europe suggest that banks restricted access to credit considerably in the first quarter of 2023, and they are expected to continue to do so in coming months. Corporate loans have been declining lately, as has commercial real estate lending.

Following a reopening boost, China's recovery is losing steam. Manufacturing activity and consumption of services in China rebounded at the beginning of the year when Chinese authorities abandoned their strict lockdown policies; net exports contributed strongly to sequential growth in February and March as supply chains normalized and firms swiftly put backlogs of orders into production. Nonetheless, continued weakness in the real estate sector is weighing on investment, foreign demand remains weak, and rising and elevated youth unemployment (at 20.8 percent in May 2023) indicates labor market weakness. High-frequency data through June confirm a softening in momentum into the second quarter of 2023.

➤ **GROWTH SLOWING, WITH SHIFTING COMPOSITION**

Global growth is projected to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024 on an annual average basis (Table 1). Compared with projections in the April 2023 WEO, growth has been upgraded by 0.2 percentage point for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall GDP as well as per capita GDP terms. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as idiosyncratic factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. On a year-over-year basis, global growth bottomed out in the fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.

World trade growth is expected to decline from 5.2 percent in 2022 to 2.0 percent in 2023, before rising to 3.7 percent in 2024, well below the 2000–19 average of 4.9 percent. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of US dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.

These forecasts are based on a number of assumptions, including those regarding fuel and nonfuel commodity prices and interest rates. Oil prices rose by 39 percent in 2022 and are projected to fall by about 21 percent in 2023, reflecting the slowdown in global economic activity. Assumptions regarding global interest rates have been revised upward, reflecting actual and signaled policy tightening by major central banks since April. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the April 2023 WEO—to a peak of about 5.6 percent in the case of the Federal Reserve—before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3¾ percent in 2023 and to ease gradually in 2024. Moreover, with near-term inflation expectations falling, real interest rates are likely to stay up even after nominal rates start to fall.

For *advanced economies*, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.

- In the *United States*, growth is projected to slow from 2.1 percent in 2022 to 1.8 percent in 2023, then slow further to 1.0 percent in 2024. For 2023, the forecast has been revised upward by 0.2 percentage point, on account of resilient consumption growth in the first quarter, a reflection of a still-tight labor market that has supported gains in real income and a rebound in vehicle purchases. However, this consumption growth momentum is not expected to last: Consumers have largely depleted excess savings accumulated during the pandemic, and the Federal Reserve is expected to raise rates further.
- Growth in the *euro area* is projected to fall from 3.5 percent in 2022 to 0.9 percent in 2023, before rising to 1.5 percent in 2024. The forecast is broadly unchanged, but with a change in composition for 2023. Given stronger services and tourism, growth has been revised upward by 0.4 percentage point for *Italy* and by 1.0 percentage point for *Spain*. However, for *Germany*, weakness in manufacturing output and economic contraction in the first quarter of 2023 means that growth has been revised downward by 0.2 percentage point, to –0.3 percent.
- Growth in the *United Kingdom* is projected to decline from 4.1 percent in 2022 to 0.4 percent in 2023, then to rise to 1.0 percent in 2024. This is an upward revision of 0.7 percentage point for 2023, reflecting stronger-than-expected consumption and investment from the confidence effects of falling energy prices, lower post-Brexit uncertainty (following the Windsor Framework agreement), and a resilient financial sector as the March global banking stress dissipates.
- Growth in *Japan* is projected to rise from 1.0 percent in 2022 to 1.4 percent in 2023, reflecting a modest upward revision, buoyed by pent-up demand and accommodative policies, then slow to 1.0 percent in 2024, as the effects of past stimuli dissipate.

For *emerging market and developing economies*, growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent 2024, with modest revisions of 0.1 percentage point for 2023 and –0.1 percentage point for 2024. However, this stable average masks divergences, with about 61 percent of the economies in this group growing faster in 2023 and the rest—including low-income countries and three of the five geographic regions described in what follows—growing more slowly.

- Growth in *emerging and developing Asia* is on track to rise to 5.3 percent in 2023, then to moderate to 5.0 percent in 2024, reflecting a modest (0.1 percentage point) downward revision for 2024. The forecast for *China* is unchanged at 5.2 percent for 2023 and 4.5 percent for 2024, but with a change in composition: Consumption growth has evolved broadly in line with April 2023 WEO projections, but investment has underperformed due to the ongoing real estate downturn in that country. Stronger-than-expected net exports have offset some of the investment weakness, although their contribution is declining as the global economy slows. Growth in *India* is projected at 6.1 percent in 2023, a 0.2 percentage point upward revision compared with the April projection, reflecting momentum from stronger-than-expected growth in the fourth quarter of 2022 as a result of stronger domestic investment.
- Growth in *emerging and developing Europe* is projected to rise to 1.8 percent in 2023, reflecting a 0.6 percentage point upward revision since April, and to rise further to 2.2 percent in 2024. The forecast for Russia in 2023 has been revised upward by 0.8 percentage point to 1.5 percent, reflecting hard data (on retail trade, construction, and industrial production) that point to a strong first half of the year, with a large fiscal stimulus driving that strength.
- *Latin America and the Caribbean* is expected to see growth decline from 3.9 percent in 2022 to 1.9 percent in 2023, although this reflects an upward revision of 0.3 percentage point since April, and to reach 2.2 percent in 2024. The decline from 2022 to 2023 reflects the recent fading of rapid growth during 2022 after pandemic reopening, as well as lower commodity prices; the upward revision for 2023 reflects stronger-than-expected growth in *Brazil*—marked up by 1.2 percentage points to 2.1 percent since the April WEO—given the surge in agricultural production in the first quarter of 2023, with positive spillovers to activity in services. It also reflects stronger growth in *Mexico*, revised

upward by 0.8 percentage point to 2.6 percent, with a delayed post-pandemic recovery in services taking hold and spillovers from resilient US demand.

- Growth in the *Middle East and Central Asia* is projected to decline from 5.4 percent in 2022 to 2.5 percent in 2023, with a downward revision of 0.4 percentage point, mainly attributable to a steeper-than-expected growth slowdown in *Saudi Arabia*, from 8.7 percent in 2022 to 1.9 percent in 2023, a negative revision of 1.2 percentage points. The downgrade for Saudi Arabia for 2023 reflects production cuts announced in April and June in line with an agreement through OPEC+ (the Organization of the Petroleum Exporting Countries, including Russia and other non-OPEC oil exporters), whereas private investment, including from “giga-project” implementation, continues to support strong non-oil GDP growth.
- In *sub-Saharan Africa*, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in *Nigeria* in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In *South Africa*, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been revised upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter.

➤ **CORE INFLATION DECLINING MORE GRADUALLY THAN HEADLINE INFLATION**

Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. About three-quarters of the world’s economies are expected to see lower annual average headline inflation in 2023. Monetary policy tightening is expected to gradually dampen inflation, but a central driver of the disinflation projected for 2023 is declining international commodity prices. Differences in the pace of disinflation across countries reflect such factors as different exposures to movements in commodity prices and currencies and different degrees of economic overheating. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation.

Core inflation is generally declining more gradually. Globally, it is set to decline from an annual average of 6.5 percent in 2022 to 6.0 percent in 2023 and 4.7 percent in 2024. It is proving more persistent than projected, mainly for advanced economies, for which forecasts have been revised upward by 0.3 percentage point for 2023 and by 0.4 percentage point for 2024 compared with the April 2023 WEO. Global core inflation is revised down by 0.2 percentage point in 2023, reflecting lower-than-expected core inflation in China, and up by 0.4 percentage point in 2024. On an annual average basis, about half of economies are expected to see no decline in core inflation in 2023, although on a fourth-quarter-over-fourth-quarter basis, about 88 percent of economies for which quarterly data are available are projected to see a decline. Overall, inflation is projected to remain above target in 2023 in 96 percent of economies with inflation targets and in 89 percent of those economies in 2024.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023>)

INDIAN ECONOMIC OUTLOOK:

This year began with the anticipation that runaway inflation, aggressive policy rate hikes, and high commodity prices might topple a few major economies into recession in 2023. We are halfway past 2023 and, while the world is still in the woods, the probability of a recession this year has trimmed. Labor markets in several advanced countries remain tight, while the largest economy, the United States, is seeing a rebound in consumer confidence and spending. Risk spreads are declining on both sides of the Atlantic after the recent banking crisis in the United States.

India, meanwhile, enjoys a Goldilocks moment as it sees its economic activity gaining momentum amid continuing global uncertainties. The last quarter’s GDP data was pleasantly surprising but not completely unexpected. The GDP growth in the fourth quarter has pushed up the full-year GDP growth of FY2022–23 to 7.2%, 200 basis points (bps) higher than the earlier estimate. The recently released Annual Economic Review for the month of May 2023 highlighted that the postpandemic quarterly trajectories of consumption and investment have crossed prepandemic levels.

Evidently, economists and analysts are bullish about the Indian economy. Our growth forecasts for FY2023–24 remain similar to our April forecast, although higher-than-expected growth in FY2022–23 has raised our base for comparison. That said, we have raised our lower limit of the range given the buoyancy of the economy. We expect India to grow between 6% and 6.3% in FY2023–24 and have a stronger outlook thereafter. In fact, if global uncertainties recede, we expect growth to surpass 7% over the next two years.

There are multiple downside risks to our forecasts, but we find the uncertainties around the actions of the central banks of major economies and the oil price movements this past quarter particularly interesting. In this edition, we highlight the significance of these developments and their future implications for India.

➤ *Indian economy enters a Goldilocks period—not too good, not bad either*

India grew by 6.1% in the last quarter, which is approximately ~100 bps higher than what the market had anticipated. While the overall growth was broad-based, many sectors such as construction and agriculture experienced more-than-expected growth. In fact, strong growth in manufacturing proved to be a reassuring development as modest growth in the sector in previous quarters had been a concern for policymakers.

On the expenditure side, exports performed well despite global headwinds, while imports recorded their slowest growth since December 2020, primarily because of easing crude oil prices bringing down India's import bills. Private consumption, the largest component of India's final demand, with a modest growth of 7.5% in FY2022–23, emerged as the weakest link in overall growth. The share of private consumption in GDP fell in the last quarter and was the lowest in the past seven quarters, dragged down by weak rural demand. However, things might be changing on that front as well.

Urban demand conditions have remained resilient, as evidenced by the sales of mid- to high-end segments of automobiles, the number of UPI transactions, and domestic air passenger traffic data. Rural demand, which was lagging, has also been rising lately, as seen in the sales of tractors, IIP nondurable goods, and Mahatma Gandhi National Rural Employment Guarantee Act data.

Overall, the first-quarter data of FY2024 instills confidence in the improving health of the economy. Inflation in the first quarter was 4.5%, the lowest since the quarter of September 2019. Goods and Services Tax collections remain strong, suggesting that revenue buoyancy will aid in improving the budgeted fiscal deficit ratio to GDP. At the same time, India's external account has been improving, thanks to the falling import bills as oil prices ease.

Interestingly, the credit-deposit ratio has continued to improve strongly from the lows of the pandemic despite the rising interest rates (figure 1). A deeper dive reveals that most of the lending is happening in the industry and services sector. This points to improving investment, which means that the supply side is gearing up to meet the rising demand.

➤ *Adelante (step forward) and Atras (step backward)—the salsa of central banks*

Central banks around the world are frantically dancing to the tune of inflation, which seems to be coming under control, although is still far from being tamed completely. Between the three major central banks—the US Federal Reserve (Fed), the European Central Bank (ECB), and the Bank of England (BoE)—the policy rates have been raised by 1440 bps within a span of 18 months. Yet, the 12-month average inflation after the first policy rate hike is significantly higher than the 12-month average inflation prior to the hike in these countries. Instead, liquidity conditions have tightened too quickly in countries that had ultra-loose monetary policies for over a decade. Since these countries also host a large share of global investors, such an aggressive measure has unnerved the sentiments, leading to capital outflows from emerging countries.

Comparatively, India has had better success in taming inflation with relatively lesser policy tightening. The Reserve Bank of India (RBI) intervened in May 2022 and has increased the policy rate six times in 11 months since, increasing the repo rate by 250 bps. The inflation in June 2023 was 4.8%, considerably lower than the last fiscal year.

The only major country that has defied the global trend of raising or pausing policy rates is China, which cut its key policy rate (a much-awaited action) in response to low inflation (again an exception) and a weaker economic economy. It also increased liquidity in the market by injecting CNY 2 billion into the market through short-term bonds.

For those who may seek reassurance about the declining inflation in the United States and the European Union in the past few months, here is a spoiler: The headline inflation levels remain above the central bank's target level of 2%. Moreover, core inflation (after adjusting for food and fuel prices) remains resilient, suggesting there isn't enough tangible evidence of a stabilizing or declining inflation.

➤ *Atras seems unlikely for central banks, but Adelante may also be challenging*

The US Fed's aggressive policy-rate hikes have had a significant impact on the US banking sector. In the first five months of 2023, the sector saw 18 defaults worth US\$21 billion. This number and volume of defaults are higher than all of 2021 and 2022 combined. Also, higher policy rates translate into higher mortgage rates, which is a source of concern for the US real estate sector. House prices and demand have been moderating in the United States lately. That does not bode well for an economy where housing (investment and services) accounts for 15% to 18% of GDP.

In addition to this, the recent resolution of the debt-ceiling crisis will also have added repercussions. Due to the resolution of the debt-ceiling crisis, the US Treasury will issue more bonds worth US\$1.1 trillion in short-dated Treasury securities by the end of 2023. This will drive up the bond yields and squeeze cash out of banks, which in turn will compel banks to raise their deposit rates. Besides, cheaper Treasury securities will put further pressure on banks' assets as they hold these securities.

➤ *India to be in sync?*

A moderation in the rate hikes by the United States after a spree of rate hikes since February 2022 is a positive news for India. It has reduced the pressures on the RBI to maintain an interest differential needed for the currency carry trade (leveraging the interest-rate arbitrage) and to attract foreign investment (which has declined due to tighter global liquidity conditions).

China's easing of monetary policy has led to a depreciation of the Renminbi against the US dollars. A depreciated CNY will surely benefit Indian importers, who now pay a lesser amount for the same quantity of imports. However, cheaper products are likely to increase India's dependence on China for critical inputs. This is likely to adversely impact the overall trade deficit with China, which is already a concern for India. For a nation that has seen its trade deficit with China go up sharply, a depreciating INR against the Chinese currency could make the deficit worse.

➤ *Are oil prices son a slippery slope?*

Global crude oil prices have been trending down over the past few weeks owing to increased oil flows from Russia into the global markets, rising US production, and concerns over oil demand amid a weak economic outlook this year. This is despite the two cuts in oil production by the Organization of the Petroleum Exporting Countries (OPEC) nations since October 2022. Crude prices have been shed more than 40% as of June 2023 since the Russian invasion of Ukraine in February 2022. While WTI fell below US\$70 per barrel this week (US\$67.1 per barrel on June 12) before going up again, Brent prices have hovered around US\$75 per barrel.

To reverse this trend, Saudi Arabia, the top producer in the OPEC cartel, has recently unanimously decided to cut production by another one million barrels per day from July and further limit the supply in 2024. These measures will likely keep prices volatile for a while, although the short-term outlook seems to be bearish.

Since India is a heavy importer of oil and oil products, lower oil prices will reduce import bills and aid in decreasing input costs for products that depend on crude oil or its derivatives, thereby reducing inflationary pressures.

➤ *What lies ahead*

The first-quarter data points to further building on the positive momentum in the economic data. We continue to remain optimistic about the economy this year and expect India to grow between 6.0% and 6.3% during FY2023–24 in our baseline scenario, followed by 6.6% and 7.2% over the next two years as the global economy turns buoyant. However, if downside risks weigh on the economic fundamentals and outlook, we may see a substantial economic slowdown. For more on our optimistic and pessimistic scenarios, read “Key assumptions.”

Our worry regarding inflation persists. Despite the recent easing of prices, core prices have not moderated yet. Besides, the risk of El Niño and a below-normal monsoon can bring back the pressure on food prices. We expect the fall in prices to be short-lived as demand picks up along with food prices and the uncertainties around prices remain high (hence, the broad range for forecasts over the next 1.5 years). However, the supply side will probably improve and may help the rebounding economy keep prices under check in the long run (with greater certainties). In any case, we expect inflation to remain in the upper range of the RBI's inflation target band over the entire forecast period.

➤ **KEY ASSUMPTIONS**

Optimistic scenario: The Russia-Ukraine crisis does not escalate but prolongs for a long time. The bank crises remain contained and do not have a meaningful global impact. Growth in the United States and the European Union slows down over a tighter monetary policy this year but rebounds in 2024.

- The US Fed pauses policy-rate hikes till later this year, as inflation seems to be slowing.
- Crude oil prices remain range-bound within US\$75–80 per barrel, thus easing pressure on global inflation.
- The RBI balances growth, inflation, and depreciating currency against the US dollar, and capital flight by maintaining a tighter policy stance. It goes for one more hike before it halts any further hike.
- Government's efforts toward consolidation of expenses continue, supported by buoyant revenues.
- Inflation eases but remains vulnerable to food prices.

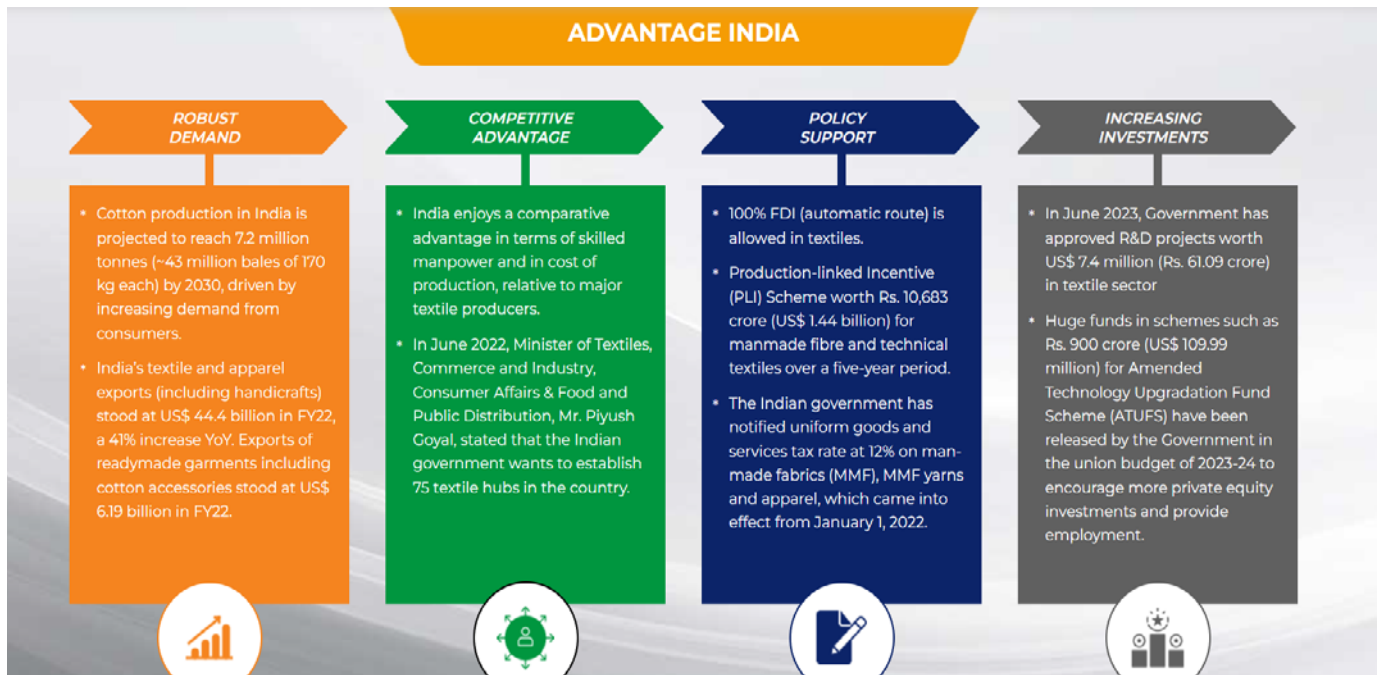
- Investors factor in uncertainties and focus on growth potential. Consequently, investments pick up robustly over the next two years.

Pessimistic scenario: The Russia-Ukraine crisis continues for a prolonged period. Tensions escalate with several nations getting directly involved in the war. The United States and Europe enter a recession. The crisis in the banking system raises significant tail risks for economic activity.

- Prolonged crisis has second-order implications for financial stability and supply-chain disruptions.
- Crude oil prices will breach US\$110 per barrel.
- Inflation spirals up globally, impeding growth in investments.
- The RBI makes further hikes but retracts later as growth tumbles.

(Source: <https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html>)

TEXTILE INDUSTRY & MARKET GROWTH 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 Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel.

India is the world's largest producer of cotton. Estimated production stood at 362.18 lakh bales during cotton season 2021-22. Domestic consumption for the 2021-22 cotton season is estimated to be at 338 lakh bales. Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers. In FY23, exports of readymade garments (RMG) including accessories stood at US\$ 16.2 billion. It is expected to surpass US\$ 30 billion by 2027, with an estimated 4.6-4.9% share globally.

Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while for yarn, the production stood at 4,762 million kgs during the same period. Natural fibres are regarded as the backbone of the Indian textile industry, which is expected to grow from US\$138 billion to US\$195 billion by 2025.

India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. During April-November in FY23, the total exports of textiles stood at US\$ 23.1 billion. India's textile and apparel exports to the US, its single largest market, stood at 27% of the total export value in FY22. Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

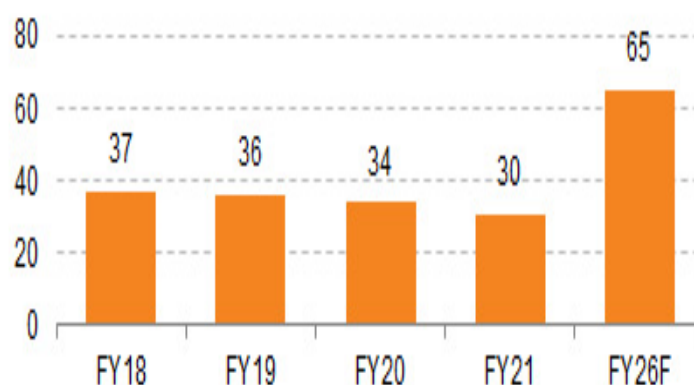
India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country.

➤ INVESTMENT AND KEY DEVELOPMENT

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

- In April 2022, Indo Count Industries bagged the home textile business of GHCL for US\$ 74.14 million.
- In March 2022, Reliance Retail Ventures Limited (RRVL) acquired a controlling share of Purple Panda Fashions for US\$ 115.8 million
- Sutlej Textiles plans to set up a green field project for 89,184 spindles comprising of cotton mélange yarn and PC grey yarn along with dye house in Jammu & Kashmir with an estimated cost of US\$ 111.41 million (Rs. 914 crore).
- Vardhman has established Vardhman ReNova, a cotton recycling facility with a six TPD production capacity. By establishing two new facilities in Madhya Pradesh, the company has also increased its capacity to produce yarn. With top-notch technology, the expansion includes over 100,000 spindles in total. This will result in a 75 TPD increase in yarn production capacity.
- The textile ministry has selected 61 companies, including Arvind Limited to enjoy benefits under its US\$ 1.3 billion (Rs. 10,683 crore) production-linked incentive (PLI) scheme for the labour-intensive textiles and garment sector. The companies have pledged to invest US\$ 2.32 billion (Rs 19,077) crore over five years under the scheme, which will lead to an incremental turnover of US\$ 22.55 billion (Rs 1.85 trillion) and direct employment generation for 240,000 people.
- Arvind Limited, the largest textile to technology conglomerate in India, and PurFi Global LLC, a sustainable technology firm that specialises in rejuvenating textile waste into virgin grade products, have formed a joint venture to reduce the quantity of textile waste dumped in landfills.
- In November 2022, local weavers in Tuensang in Nagaland were provided 45 days of skill-upgrading training, which would equal 315 hours under the SAMARTH programme.
- In 2022-23, the Sardar Vallabhbhai Patel International School of Textiles and Management (SVPISTM) is planning to offer B.Sc. and MBA courses in technical textiles.

Textiles and apparel exports from India (US\$ billion)



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

➤ **GOVERNMENT INITIATIVES**

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

Other initiatives taken by the Government of India are:

- In June 2023, Government has approved R&D projects worth US\$ 7.4 million (Rs. 61.09 crore) in textile sector.
- In February 2023, the union government approved 1,000 acres for setting up a textile park in Lucknow.
- In February 2023, according to the Union Budget 2023-24, the total allocation for the textile sector was Rs. 4,389.24 crore (US\$ 536.4 million). Out of this, Rs. 900 crore (US\$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS), Rs. 450 crore (US\$ 54.99 million) for National Technical Textiles Mission, and Rs. 60 crore (US\$ 7.33 million) for Integrated Processing Development Scheme.
- In December 2022, a total of 44 R&D projects were started, and 23 of them were successfully completed. 9777 people were trained in a variety of activities relating to the silk industry.
- In December 2022, a total of US\$ 75.74 million (Rs. 621.41 crore) in subsidies was distributed in 3,159 cases under the Amended Technology Upgradation Fund Scheme, with special campaigns held in significant clusters to settle backlog cases.
- In December 2022, a total of 73,919 people (SC: 18,194, ST: 8,877, and Women: 64,352) have received training, out of which 38,823 have received placement under SAMARTH.
- The establishment of 7 (seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total investment of US\$ 541.82 million (Rs. 4,445 crore) for the years up to 2027–28 was approved by the government.
- In the academic year 2022–23, the opening of a new campus of the National Institute of Fashion Technology (NIFT) in Daman. Moreover, new campus buildings are being constructed in Bhopal and Srinagar.
- Under the National Technical Textile Mission (NTTM), 74 research projects for speciality fibre and technical textiles valued at US\$ 28.27 million (Rs. 232 crore) were approved. 31 new HSN codes have been developed in this space.
- In November 2022, Tamil Nadu Chief Minister Mr. M. K. Stalin announced the establishment of a "Textile City" in Chennai as part of Tamil Nadu's strategy to become a major participant in the global textile industry. Additionally, the state will build a 1,500-acre textile park in the Virudhunagar district, for which SIPCOT will buy land.
- In June 2022, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated that the Indian government wants to establish 75 textile hubs, similar to Tiruppur, which will greatly increase employment opportunities while promoting the export of textile products and ensuring the use of sustainable technology.
- In June 2022, Amazon India signed a MoU with the Manipur Handloom & Handicrafts Development Corporation Limited (MHHDCL), a Government of Manipur entity, to encourage the development of weavers and artisans throughout the state.
- In June 2022, the Kerala government announced that it would provide free training to 1,975 candidates under the SAMARTH scheme of the textile industry.

- The Sustainable Textiles for Sustainable Development (SusTex) project by the United Nations Climate Change entity enhances the employment and working circumstances of textile artisans while promoting the sustainable production and use of environmentally friendly textiles.
- In May 2022, Minister of Micro, Small and Medium Enterprises, Mr. Narayan Rane, inaugurated the Center of Excellence for Khadi (CoEK) at NIFT, Delhi. In order to produce innovative fabrics and apparel that will meet the needs of both domestic and foreign consumers, the CoEK will seek to introduce the newest designs and adopt procedures that adhere to international standards.
- In April 2022, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Mr. Piyush Goyal, said that new Economic Cooperation and Trade Agreements with Australia and the UAE would open infinite opportunities for textiles and handloom. Indian textile exports to Australia and the UAE would now face zero duties, and he expressed confidence that soon Europe, Canada, the UK and GCC countries would also welcome Indian textile exports at zero duty.
- In March 2022, the Tamil Nadu government included a Sustainable Cotton Cultivation Mission in its agriculture budget by allocating US\$ 1.86 million (Rs 15.32 crore) to enhance the yield of organic cotton
- In March 2022, the Ministry of Textiles, in collaboration with the Confederation of Indian Industries (CII), organized a day-long International Conference on Technical Textiles with the theme: Creating the Winning Leap in Technical Textiles.
- The Khadi and Village Industries Commission (KVIC) achieved turnover of Rs. 1.15 lakh crore (US\$ 14.68 billion) in FY22, a growth of 20.54% YoY, and more than any Indian FMCG company managed in FY22.
- The Government of India has earmarked a corpus of Rs. 1,000 crore (US\$ 127.72 million) dedicated for research and development of the technical textiles sector.
- In March 2022, the Bihar government submitted a proposal to the Ministry of Textiles to set up a mega hub under the PM Mitra Mega Textile Park.
- In March 2022, Tamil Nadu Chief Minister Mr. MK Stalin announced that the State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) will set up a mega textile park in the Virudhunagar district.
- Under the Union Budget 2022-23, the total allocation for the textile sector was Rs. 12,382 crore (US\$ 1.62 billion). Out of this, Rs.133.83 crore (US\$ 17.5 million) is for the Textile Cluster Development Scheme, Rs. 100 crore (US\$ 13.07 million) for the National Technical Textiles Mission, and Rs. 15 crore (US\$ 1.96 million) each for PM Mega Integrated Textile Region and Apparel parks scheme and the PLI Scheme.
- For export of handloom products globally, the Handloom Export Promotion Council (HEPC) is participating in various international fairs/events with handloom exporters/weavers to sell their handloom products in the international markets under NHDP.
- The Ministry of Textiles has also been implementing the Handloom Marketing Assistance (HMA), a component of National Handloom Development Programme (NHDP) all across India. HMA provides a marketing platform to the handloom weavers/agencies to sell their products directly to the consumers and develop and promote the marketing channel through organizing expos/events in domestic as well as export markets.
- In November 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated the desire to target a 3-5x time increase in the export of technical textiles worth US\$ 10 billion over the next three years.
- The Indian government has notified uniform goods and services tax rate at 12% on man-made fabrics (MMF), MMF yarns, MMF fabrics and apparel, which came into effect from January 1, 2022.
- Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, announced a mega handloom cluster in Manipur and a handloom and handicraft village at Moirang in Bishnupur. The mega cluster will be set up at an estimated cost of Rs. 30 crore (US\$ 4.03 million) under the National Handloom Development Programme (NHDP).

➤ **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.

References: *References: Ministry of Textiles, Indian Textile Journal, Department of Industrial Policy and Promotion, Press Information Bureau, Union Budget 2023-24*



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

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 the Letter of Offer, including the information contained in the section titled “Risk Factors” on page no. 26 of the Letter of Offer. In this chapter, unless the context requires otherwise, any reference to the terms “We”, “Us”, “Yarn Syndicate Limited”, “YARNSYN” and “Our” refers to Our Company. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian Accounting Policies set forth in the Letter of Offer.

COMPANY’S BACKGROUND

YARN SYNDICATE LIMITED, was incorporated on 23.05.1946 and commenced its business operations as dealers in all types of YARN soon thereafter.

The Company became one of the pioneers to export all types of yarn, viz. cotton yarn, polyester cotton yarn, polyester viscose yarn, flax yarn, jute yarn, bamboo yarn, organic yarn etc. from India and in the more than four decades since, has become one of the leading exporters of cotton and other varieties of yarn in the country. The Company has become one of the largest merchant exporters of cotton and other varieties of yarn and during the quota regime was one of the biggest quota holders of EEC countries. In the past many decades, the Company has constantly strived to get new customers while strengthening its business relations with existing customers/manufacturers. The Company is committed to strictly maintaining the highest standards with respect to quality of products and delivery schedules to our customers.

The products the Company is exporting are 100% cotton yarn, 100% polyester yarn, 100% viscose yarn, polyester textured yarn, jute yarn, and other types of yarn like flax yarn and raw cotton etc.

The Company has bagged many leading exporter awards for its export performance over the decades as follows: -

- For the years 1976-77 and 1978-79, leading Exporter awards from the Cotton Textile Export Promotion Council of India (Texprocil);
- For the years 1984 to 1988 and 1990 to 1992 the highest Export Performance awards from Texprocil;
- The National Export Award, the highest in the land for exports, for the year 1991-92 presented by His Excellency Dr. Shankar Dayal Sharma, the then President of India.
- Canara Bank’s outstanding Exporters Award for the year 1992-93 given by Dr. C. Rangrajan, the then Governor of RBI;
- Export Excellence Award by the Calcutta Circle of Canara Bank for 1993-94;
- Highest export performance gold trophy for 1995-96 from FIEO;

The Company is a Public Limited Company and its equity shares are listed with the BSE Limited. The Company has adopted a corporate governance policy and believes in ensuring transparency in all its operations and complies with various laws and regulations.

The Company is a Merchant Exporter and trader and is fully involved in the export and trading of various types of yarn, raw cotton and fabrics and is committed to the further growth of its business operations in competitive international and domestic markets while always maintaining strong business relations with its existing clients. Being in the export and domestic trading business for many decades it has gathered many business contacts in this highly competitive line of business. At the same time, it continues to add new products to its export and domestic portfolio and to explore new markets for the export and trading of its products.

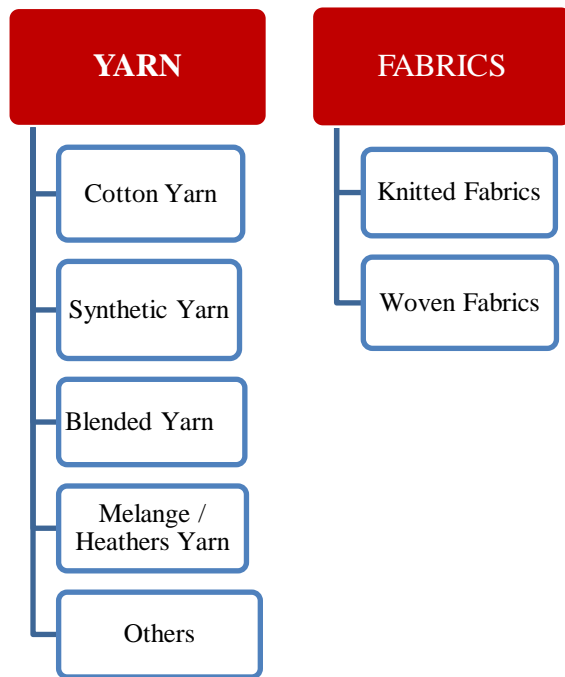
The Acquirer (i.e. Mr. Ravi Niranjana Pandya) has entered into the SPA with the Selling Shareholder (i.e. Ms. Sheela Patodia), on November 17, 2022, for the acquisition of 13,13,546 (Thirteen Lakhs Thirteen Thousand Five Hundred and Forty-Six) Equity Shares representing 35.03% of the Paid Up and voting Equity Share Capital of Target Company at a price of Rs. 4.00/- (Rupees Four only) per Equity Share aggregating to Rs. 52,54,184/- (Rupees Fifty Two Lakhs Fifty Four Thousand One Hundred and Eight Four Only), payable in cash along with the acquisition of control over the Target Company.

The prime objective of the Acquirer for the Open Offer is the substantial acquisition of Equity Shares and voting rights and control over the management and affairs of the Target Company.

At present, the Board of Directors of the Company has 4 (Four) Directors, Mr. Ravi Pandya, Managing Director is in charge of the affairs of the Company and he is ably assisted by Mr. Chetan Kumar Ojha, Director. Mr. Chetan Kumar Ojha joined the Company as a Director on 11/09/2023. The Company has 2 (Two) Independent Directors, Mr. Nandish Jani and Ms. Nidhi Bansal.

Our Products:

Our Company is in the business of trading of Yarn and Fabrics. The bifurcation of all our products in both Yarn and Fabrics are as under:



Product Portfolio:

A. YARN:

➤ **Cotton Yarn:**

Yarn Syndicate Ltd (YSL) exports various types of high quality cotton yarn. Having strategic alliance with diverse spinners YSL today holds its name in the top list of quality yarn suppliers.

The variety of cotton yarn being exported by YSL and accepted worldwide consists of:

Ring Spun: Suitable for knitting and weaving in the count range of Ne 10s to 40s in carded in various quality and Ne 10s to 100s in combed. Both can be supplied in single and multi -fold.

Open end: Various quality suitable for variety of weaving application in the count range of Ne 4/1 to Ne 30/1, in single and multi-fold.

Organic Yarn: Control Union Certified 100% Organic Yarn in the count range of 20s to 40s suitable for knitting and weaving applications.

Slub Yarn: Of various pattern - short, medium, long, extra long or as per buyers required styles.

Compact: Conventional spinning methods of yarn gives low strength and improper appearance of fabric. This has been possible to overcome by using latest technology compact spinning, where-in low hairiness and extra strength is achieved in the yarn which gives a more even look to the fabric. Compact yarn can be supplied in the range of 30s to 60s made on Sussan or Reiter-4 machines.

Other Specialised Yarn:

Combed Gassed Mercerised, Cotton dyed yarn 100% Melange Yarn from 5% black to 55% black.

➤ **Synthetic Yarn:**

100% Polyester: Polyester yarn range includes counts from Ne 8/1 to 40/1 in single and multi-fold. Polyester yarn as required by the carpet industry, can be supplied in jumbo cones of 5 kgs. starting from 3 ply onwards.

100% Polyester Filament: A wide range of Polyester Filament yarn supplied by YSL includes:

Semi Dull Raw White

75/36, 150/48, 300/72, 450/108, 600/144- NIM, SIM, LIM, HIM

2/75/36, 2/150/48 SIM/HIM

75/72, 75/72/2, 150/108 SIM/HIM

Semi Dull Dope Dyed

Black and Optic White: 150/48, 300/96, 2/150/48, 75/36, 100/36, 200/48, 150/108, 75/72, 75/72/2- SIM/LIM/HIM

Colored: 150/48, 300/96, 2/150/48, 450/108, 600/144, 75/36, 75/72, 150/144, 150/108- SIM/LIM/HIM (Min. Qty. Apply)

Bright Trilobal

Raw White: 150/48-72, 300/144, 600/144

Dope Dyed Colored: (Subject to Reconfirmation): 150/48-72,

Full Dull

150/72, 75/72, 150/144, 150/108, 75/108, -SIM/HIM

Cationic Dyable:

150/48 SD 75/72 SD SIM/HIM

FDY

BRT TBL: 150/48, 75/36

FDY Colored

BRT TBL: 150/48, 100/36, 75/36, 300/96, 120/36 SD: 150/48, 120/36

Twisted Yarns

DTY as well as FDY Upto 350-450 TPM 150D, 75D, 300D

100% Rayon: We supply rayon yarn suitable for weaving and knitting applications in the count range of Ne 20/1 to Ne 50/1 in single and multifold yarns. We use 100% Indian Fibre of 1.2 to 1.4 denier in 38 mm to 44 mm as also Lenzing fibre as per customers requirement.

Even Open-End yarn in the count range of Ne 16/1 to Ne 30/1 is also supplied to various customers in Europe and Latin America.

➤ **Blended Yarn:**

We have a wide range of blended yarn in various counts in single and two fold suitable for knitting and weaving applications:

Polyester /Cotton: Supplied in cotton carded and combed both in the blend of 65/35 & 52/48 in the count range of Ne 8/1 to Ne 40/1 in ring spun and from Ne 6/1 to Ne 20/1 in open-end spinning.

All P/C yarn supplied are blow room mixing which guarantees the best dyeing.

Cotton / Polyester (CVC): Supplied in the count range of Ne 20/1 to Ne 40/1 in carded and combed both in ring spun with blend of 40/60 and 30/70.

Polyester / Viscose: Supplied in the count range of Ne 10/1 to Ne 40/1 in single and from Ne 16/2 to Ne 40/2 in TFO doubled yarn. P/V yarn supplied by us is produced in stringent quality standards and is guaranteed for single component dyeing.

Apart from the above blended yarn which is common with our customers, we even supply some specialised blended yarn in VISCOSE/MODAL, COTTON /MODAL, COTTON/VISCOSE & COTTON LINEN, as per our customers' demand.

➤ **Melange / Heathers Yarn:**

A wide range of Melange / Heather Yarn accepted and repeatedly used by our customers includes black and various shades starting from 1% to 60%:

- Polyester / Cotton.
- Polyester / Viscose.
- 100% Polyester.

➤ **Others:**

Based on our customers demand, other types of yarns which becomes a part of our yarn range are:

- Yarn made of 100% Linen suitable for knitting and weaving, supplied in natural and boiled.
- Yarn made of 100% Modal.
- Yarn made of 100% Jute Fibres.
- Yarn made of 100% Acrylic and its blends with cotton and wool.
- Yarn made of 100% Bamboo.

B. FABRICS:

➤ **Knitted Fabrics:**

- Single Jersey
- Rib
- Pique
- Interlock

➤ **Woven Fabrics:**

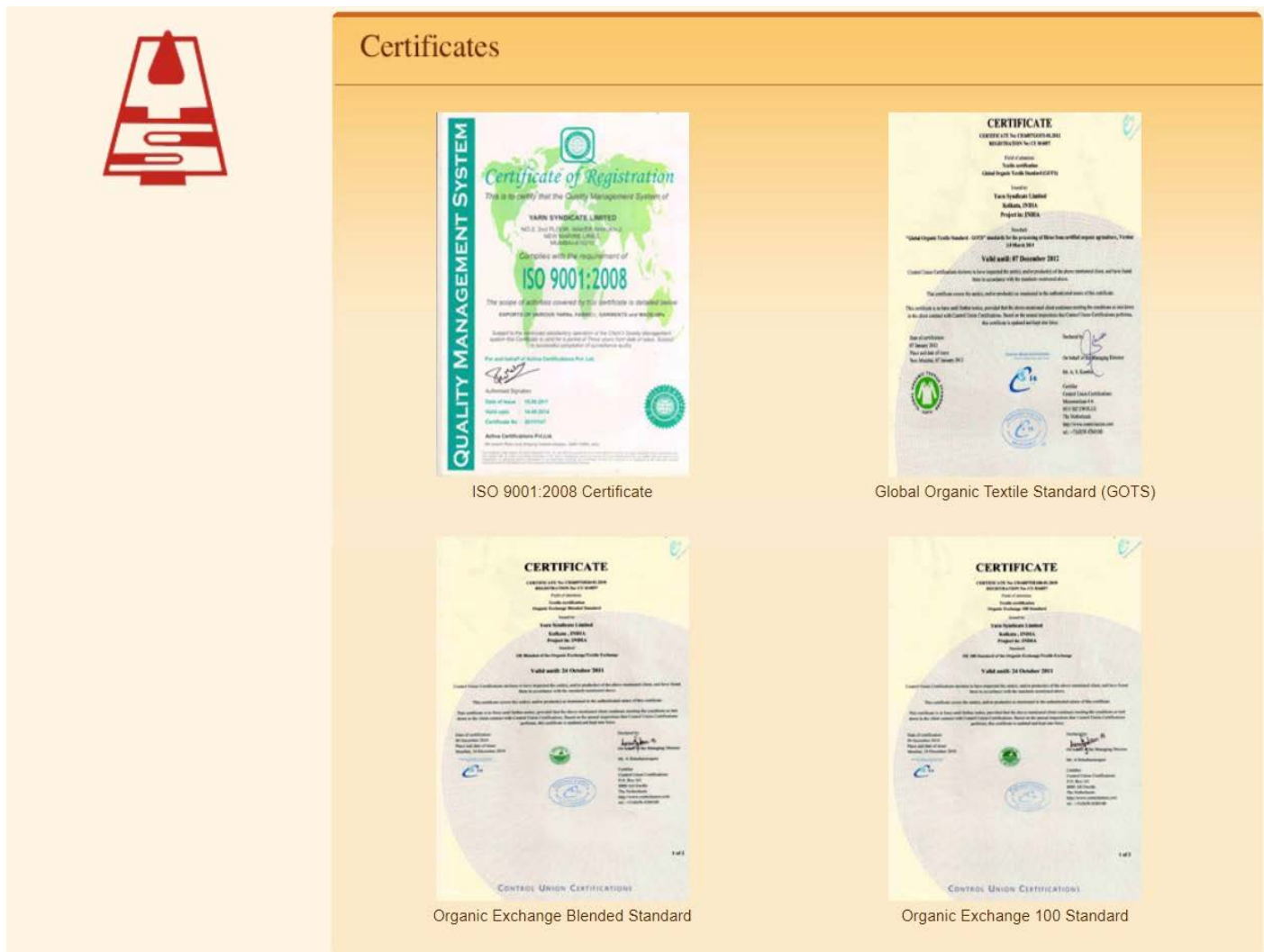
- Plain
- Twill
- Satin
- Sheetings

Awards:

- Leading Exporter Award awarded by the Textile Export Promotion Council of India.
- Highest Export performance award consecutively for six years.
- Highest Export Performance gold trophy awarded by the Federation of Indian Export organisation.
- Being top exporter of the country the company also bagged Canara Bank's outstanding exporter award.
- National Export Award presented by the President of India

Certificates:

Following certificates have been given to our Company:



Our Strengths:

Strengths are a key part of this Textile Industry SWOT analysis. This will help one to pinpoint the strong points of their business. This will most definitely result in the improvement of the business. Some of the strength of textile industry SWOT analysis is enlisted below:

❖ Worldwide Demand

Clothing articles are one of the basic human needs. Everyone wants to have a good quality product for a cheaper price. That's where the textile industries come in. They offer decent clothes for a reasonable price. This is the main reason, they get many buyers.

❖ Involved industries increasing

In modern society, many support industries are growing. These industries form a relationship of mutualism with the textile industry. Both parties are dependent on each other. These industries are dyeing, finishing, embroidery, printing, etc.

❖ Strong backward linkage facilities

This industry possesses strong backward linkage facilities. This has proven to be a great asset on multiple occasions. This causes this sector to improve more in its own way. Also, it provides the industry with some much-needed support.

❖ **Raw material base**

India has high self sufficiency for raw material particularly natural fibres. India’s cotton crop is the third largest in the world. Indian textile Industry produces and handles all types of fibres.

❖ **Domestic market**

Natural demand drivers including rising income levels, increasing urbanization and growth of the purchasing population drive domestic demand.

❖ **Consistency in Quality and Service Standards**

We follow stringent quality standards in our business. These standards ensure the quality consistency by ensuring that we employ well trained staff, have sufficient premises for business.

❖ **Our SWOT can be briefly summarized below:**

Strengths	Weakness
<ul style="list-style-type: none"> • Worldwide Demand • Involved industries increasing • Strong backward linkage facilities • Raw material base • Domestic market • Consistency in quality and service standards 	<ul style="list-style-type: none"> • Lack of forecasting • Unable to go with the flow • Higher bank interest and insurance policy
Opportunities	Threats
<ul style="list-style-type: none"> • Buyer attention on the Asian market • Open costing facility for the International Buyers • Huge demand • Incentives / subsidies from Government(s) for growth of Textile Sector 	<ul style="list-style-type: none"> • High Competition • No entry barriers in our industry which puts us to the threat of competition from new entrants • Raw material price fluctuation • Political and environmental crises • Pollution restrictions

Business Strategy:

Our strategic objective is to improve and consolidate our position in Textile Industry with a continuous growth philosophy. The diagram below represents our continuous growth philosophy being implemented on a day-to-day basis. Our continuous growth philosophy is being driven with the strategic levers of operational excellence, strengthening existing services, customer satisfaction, ecosystem development, innovation and marketing.

❖ **Optimal Utilization of Resources**

Our Company constantly endeavours to improve our service process to optimize the utilization of resources. We have invested significant resources, and intend to further invest in our activities to develop customized systems and processes to ensure effective management control. We regularly analyse our existing policies to be carried out for operations of our Company which enable us to identify the areas of bottlenecks and correct the same. This helps us in improving efficiency and putting resources to optimal use.

❖ **To build-up a professional organization**

As an organization, we believe in transparency and commitment in our work and with our customers. We have an experienced team for taking care of our day to day operations. We also consult with external agencies on a case to case basis on technical and financial aspects of our business. We will consistently put efforts among its group of experienced employees to transform them into an outstanding team of empowered professionals which helps in further accelerating the wheels of development of the Organization.

❖ **Quality assurance**

We will continue to maintain quality of our existing product to cater to various customers in the market. We endeavour to maintain the quality of our products, and follow strict procedures to ensure quality control, timely delivery and competitive prices. The company intends to strengthen its product development effort by leveraging skills of its employees which will help to increase the sales of the Company and retain customers.

❖ **Improving operational efficiencies**

Our Company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over the peers. We will be addressing the increase in operational output through continuous process improvements, quality check etc. We believe that this can be done through continuous process improvements. Further we believe that this can be done through domestic presence and economies of scale. We believe in strong in-house management to control the entire process.

The following description is a summary of certain sector-specific statutes, regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to us in order to carry out our business and operations in India. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies that are available in the public domain. The description set out below is only intended to provide general information to the investors and may not be exhaustive and is neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and remain subject to judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative, or judicial decisions. The Company may be required to obtain licenses and approvals depending upon the prevailing laws and regulations as applicable. For details of such approvals, please see the section titled "Government and other Approvals" on page 137.

APPROVALS

For the purpose of the business undertaken by our Company, it is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled "Government and other Approvals" beginning on page number 137 of this Letter of Offer.

APPLICABLE LAWS AND REGULATIONS

❖ BUSINESS / TRADE RELATED LAWS / REGULATIONS

The Bureau of Indian Standards Act, 2016

The Bureau of Indian Standards Act, 2016 ("BIS Act") provides for the establishment of bureau for the standardization, marking and quality certification of goods. Functions of the bureau include, inter-alia, (a) recognizing as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specifying a standard mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) conducting such inspection and taking such samples of any material or substance as may be necessary to see whether any article or process in relation to which the standard mark has been used conforms to the Indian Standard or whether the standard mark has been improperly used in relation to any article or process with or without a license.

Bureau of Indian Standards Rules, 2018 (the "Bureau of Indian Standards Rules").

The Bureau of India Standards Rules, 2018, as amended, have been notified, in supersession of the Bureau of Indian Standards Rules, 1987, in so far as they relate to Chapter IV A of the said rules relating to registration of the articles notified by the Central Government, and in supersession of the Bureau of Indian Standards Rules, 2017 except in relation to things done or omitted to be done before such supersession. Under the Bureau of Indian Standards Rules, the bureau is required to establish Indian standards in relation to any goods, article, process, system or service and shall reaffirm, amend, revise or withdraw Indian standards so established as may be necessary.

Industries (Development and Regulation) Act, 1951, as amended ("IDR Act")

The IDR Act has been liberalized under the New Industrial Policy dated July 24, 1991 and all industrial undertakings are exempt from licensing except for certain industries, including, among others, all types of electronic aerospace, defence equipment, ships and other vessels drawn by power. The IDR Act is administered by the Ministry of Commerce and Industry, Government of India, through the Department for Promotion of Industry and Internal Trade (DPIIT). The main objectives of the IDR Act are to empower the Government to take necessary steps for the development of industries, to regulate the pattern and direction of industrial development, and to control the activities, performance and results of industrial undertakings in the public interest. The DPITT is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector.

Legal Metrology Act, 2009 (the "Metrology Act")

The "Legal Metrology Act, 2009" (referred to as the "Metrology Act"), as amended, was established to set and enforce standards for weights and measures. It aims to regulate trade and commerce involving goods that are sold or distributed by weight, measure, or number. The Metrology Act governs transactions and contracts related to goods or specific classes of goods, ensuring that they adhere to the weight, measurement, or number standards prescribed by the Act. The exact details regarding the denominations of weight for goods involved in transactions are determined by individual state rules and regulations.

The Textiles Committee Act, 1963

The Textile Committee Act, 1963 (the “Act”) was enacted in 1963 to provide for the establishment of a committee for ensuring the quality of textiles and textile machinery and for matters connected therewith. The Act prescribes for establishment of a textile committee (hereinafter referred to as the “Textile Committee”) with the general objective of ensuring a standard quality of textiles both for internal marketing and export purposes as well as standardisation of the type of textile machinery used for manufacture. In addition to the general objection as mentioned above, the function of the Textile Committee inter alia include, to undertake, assist and encourage, scientific, technological and economic research in textile industry and textile machinery, promotion of export of textile and textile machinery, establishing or adopting or recognising standard specifications for textile and packing materials used in the packing of textiles or textile machinery for purpose of export and internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials, specify the type of quality control or inspection which will be applied to textile or textile machinery, provide for training in the techniques of quality control to be applied to textiles or textile machinery, provide for inspection and examination of textiles, textile machinery and packing material used in the packing of textile and textile machinery, establishing laboratories and text houses for testing of textiles and data collection and such other matters related to the textile industry.

Textile Development and Regulation Order, 2001 (“Textile Order”)

The Central Government in exercise of the powers conferred upon it under section 3 of the Essential Commodities Act, 1955 and in supersession of the Textile (Development and Regulation) Order, 1993 brought in force the Textile Order. Under the Textile Order every manufacturer of textiles, textile machinery and every person dealing with textiles is required to maintain books of accounts, data and other records relating to the business in the matter of production, processing, import, export, supply, distribution, sale, consumption etc. and shall furnish such returns or information in respect to the business as and when required by the Textile Commissioner. The Textile Order confers upon the Textile Commissioner powers to issue directions by notification with the prior approval of Central Government to any manufacturer regarding the specification or class of textiles which shall not be manufactured, dyes and chemicals which shall not be used in the manufacture of textile, maximum and minimum quantity of textiles which shall be manufactured, maximum ex-factory or wholesale or retail price at which textiles shall be sold, markings to be made on textiles by manufacturers and the time and manner of such markings and direct the officer in charge of any laboratory to carry out or cause to be carried out such tests relating to any textiles as may be specified by the Textile Commissioner.

Amended Technology Up-Gradation Fund Scheme (ATUFS)

Ministry of Textiles, Government of India has notified ATUFS vide resolution dated January 13, 2016. In accordance to the said regulation the guidelines of ATUFS i.e., financial and operational parameters and implementation of ATUFS during its implementation period from January 13, 2016 to March 31, 2022 has been provided under the revised resolution dated August 2, 2018. In order to promote ease of doing business, promote make in India and increase the employment, government will be providing credit linked Capital Investment Subsidy (CIS) under the ATUFS. The scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as companies which have acknowledgement of Industrial Entrepreneur Memorandum (IEM) with DIPP except MSMEs units which will be as per Ministry of MSME or units registered with the concerned Directorates of the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to Rs. 300 million.

National Textile Policy, 2000

The National Textile Policy, 2000 (“NTP”) aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The objective is sought to be achieved by liberalising controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. In furtherance of its objectives, the strategic thrust of the NTP is on technological upgradation, enhancement of productivity, quality consciousness, product diversification, maximising employment opportunities, and so on. The NTP also envisages certain sector specific initiatives, including the sector of raw materials, spinning, weaving, power loom, handloom, jute and textile. The Policy also lays down certain delivery mechanisms for the implementation of the policy and to enable the Indian textile industry to realise its full potential and achieve global excellence.

Salient objective of NTP is as follows –

- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Develop a strong multi-fibre base with thrust on product up-gradation and diversification;
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralized sectors of the textile industry; and for this purpose, to revitalize the institutional structure;
- Make Information Technology (IT), an integral part of the entire value chain of textile;
- Production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing; and
- Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organizations in the fulfilment of these objectives, vide the NTP, the Government has conveyed its commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfil its obligation to different sections of society.

The Micro, Small and Medium Enterprises Development Act, 2006 (the “Act”)

It consists of six chapters which are further divided into 32 sections. This Act also provides for the formation of the National Board of Micro, Small and Medium Enterprises. The head office of the Board is in Delhi. Section 3 of the Act defines the members of the board. The Central Government, by notification, can constitute an advisory committee. Registration of micro, small and medium enterprises is replaced with the filling of the memorandum. To avail the benefit of the Act, it is always recommended to register the enterprises as a micro, small or medium enterprise. The concept is important for the promotion of industrial development in rural areas, use of traditional or inherited skills, use of local resources and mobilization of resources and exportability of products. It provides maximum opportunities for employment outside the agriculture sector as well.

Consumer Protection Act, 1986 (“CPA”)

The CPA came into effect on December 24, 1986. It aims to reinforce the interests and rights of consumers by laying down a mechanism for speedy consumer grievance redressal. A consumer, his legal heir or representative, as defined under the CPA including a person who avails of any services for a consideration which has been paid in full or part or promised to be paid, any voluntary consumer association registered under any applicable law or numerous consumers having the same interest, or the Central or State Government may lodge a complaint before the district forum or any other appropriate forum under CPA, inter alia, for:

- i. Defective or spurious goods or services;
- ii. Unfair or restrictive trade practices;
- iii. Deficiency in services hired or availed;
- iv. Manufacture or provision of hazardous goods/services; and
- v. Misleading or false warranties or guarantee or representations by the manufacturer/service provider. In addition to awarding compensations and/or corrective orders, the forums and commissions under CPA are empowered to impose imprisonment of not less than a month, but not exceeding three years, or a fine of not less than two thousand rupees, but not more than ten thousand rupees, or both.

West Bengal Textile Incentive Scheme 2022

The Government has notified the incentive scheme for Micro Small and Medium Enterprises namely “Banglashree” in 2020; and the Government has further notified incentive scheme for Power-loom Sector in 2021; and there is a felt need to further incentivize the entire value chain from fibre to fabric across the entire eco-system of the Textile Sector which is one of the highest employment generators; to provide fiscal benefit to the entire value chain of the textile sector of the state, the Governor is pleased to sanction the implementation of a new Incentive Scheme for Textile Sector in West Bengal involved in the manufacturing of textiles including technical textile products, their processing and apparel in the following manner with an eye to promoting growth and development of such industries in the State. The object of the scheme is to extend fiscal incentives to textile sector industries across the entire value chain starting from fibre to stitched garments, to set up and expand such units in the State. The focus is on accelerated and focused development of the Textiles sector across the state. This shall enable to maximize the utilization of resources, generate new employment and widen the area of operation to make the state emerge as the preferred destination for investment in the Textile sector.

❖ ENVIRONMENT RELATED LAWS

Environment Protection Act, 1986 and Environment (Protection) Rules, 1986

The Environmental Protection Act, 1986 is an “umbrella”; legislation designed to provide a framework for coordination of the activities of various central and state authorities established under various laws. The potential scope of the Act is broad, with “environment” defined to include water, air and land and the interrelationships which exist among water, air and land, and human beings and other living creatures, plants, micro-organisms and property.

The Environmental Impact Assessment Notification, 2006 (the “Notification”)

As per the Notification, any construction of new projects or activities or the expansion or modernisation of existing projects or activities as listed in the Schedule attached to the notification entailing capacity addition with change in process and or technology can be undertaken only after the prior environmental clearance from the Central Government or as the case may be, by the State Level Environment Impact Assessment Authority, duly constituted by the Central government under the provisions of the Environment (Protection) Act, 1986, in accordance with the procedure specified in the notification. The environmental clearance process for new projects comprises of four stages viz. screening, scoping, public consultation and appraisal. However, in 2016, MoEF issued a notification for integrating standard and objectively monitorable environmental conditions with building permissions for buildings of different sizes with rigorous monitoring mechanism for implementation of environmental concerns and obligations in building projects. This is in line with the objective of the Central Government to streamline the permissions for buildings and construction sector so that affordable housing can be provided to weaker sections in urban area under the scheme ‘Housing for All by 2022’ and is proposing to remove the requirement of seeking a separate environment clearance from the MoEF for individual buildings having a total build up area between 5,000 square metre and 150,000 square metre, apart from adhering to the relevant byelaws of the concerned State authorities.

The Water (Prevention and Control of pollution) Act, 1974 (the “Water Act”)

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, who is empowered to establish standards and conditions that are required to be complied with.

The Air (Prevention and Control of Pollution) Act, 1981 (the “Air Act”)

The Air (Prevention and Control of Pollution) Act, 1981 has been enacted to provide for the prevention, control and abatement of air pollution. Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

The Noise Pollution (Regulation & Control) Rules 2000 (“Noise Regulation Rules”)

The Noise Regulation Rules regulate noise levels in industrial, commercial and residential zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc. The rules also assign regulatory authority for these standards to the local district courts. Penalty for non-compliance with the Noise Regulation Rules shall be under the provisions of the Environment (Protection) Act, 1986.

The Municipal Solid Wastes (Management and Handling) Rules, 2000 (“Waste Management Rules, 2000”) as superseded by Solid Waste Management Rules, 2016 (“Waste Management Rules, 2016”)

The Waste Management Rules, 2000 applied to every municipal authority responsible for collection, segregation, storage, transportation, processing and disposal of municipal solid wastes. Any municipal solid waste generated in a city or a town, was required to be managed and handled in accordance with the compliance criteria and the procedure laid down in Schedule II of the Waste Management Rules, 2000. The Waste Management Rules, 2000 make the persons or establishments generating municipal solid wastes responsible for ensuring delivery of wastes in accordance with the collection and segregation system as notified by the municipal authority. The Waste Management Rules, 2000 have been superseded by the Waste Management Rules, 2016 which stipulate various duties of waste generators which, inter alia, include segregation and storage of waste generated by them in the manner prescribed in the Waste Management

Rules, 2016; separate storage of construction and demolition waste and payment of user fee for solid waste management as specified in the bye-laws of the local bodies.

Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (“Hazardous Wastes Rules”)

The Hazardous Wastes Rules impose an obligation on every occupier of an establishment generating hazardous waste to recycle or reprocess or reuse such wastes in a registered recycler or to dispose of such hazardous wastes in an authorized disposal facility. Every person engaged, inter alia, in the generation, processing, treatment, package, storage and destruction of hazardous waste is required to obtain an authorization from the relevant state PCB for collecting, recycling, reprocessing, disposing, storing and treating the hazardous waste.

The Public Liability Insurance Act, 1991

The Public Liability Insurance Act places responsibility on those who own or control hazardous substances for any damage resulting from accidents involving such substances. A roster of hazardous substances falling under the scope of this law is outlined through government notifications. The owner or handler of these substances is additionally mandated to acquire an insurance policy that covers liability in connection with the act. Rules established under the Public Liability Act dictate that the employer is obligated to contribute to the environmental relief fund, an amount equivalent to the premium paid for insurance policies. This contribution is payable to the insurer.

❖ GENERAL CORPORATE COMPLIANCE

The Companies Act, 2013

The Companies Act, 2013, has replaced the Companies Act, 1956 in a phased manner. The Act received the assent of President of India on 29th August 2013. The Companies Act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure related to appointment of Directors, the procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the Act. Further, Schedule V (read with sections 196 and 197), Part I lays down the conditions to be fulfilled for the appointment of a managing or whole-time director or manager. It provides the list of Acts under which if a person is prosecuted, he cannot be appointed as the director or Managing Director or Manager of a Company. The provisions relating to remuneration of the Directors payable by the companies is under Part II of the said schedule.

The Registration Act, 1908

The Registration Act was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

Shops and commercial establishments legislations

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. All establishments must be registered under the shops and establishments legislations of the state where they are located. There are penalties prescribed in the form of monetary fine or imprisonment for violation of the legislations, as well as the procedures for appeal in relation to such contravention of the provisions.

❖ EMPLOYMENT AND LABOUR LAWS

The Code on Wages, 2019 (the “Code”)

The Code received the assent of the President of India on August 8, 2019. The provisions of the Code shall come into effect from the date notified in the Official Gazette by the Central Government. The Code will replace the four existing ancient laws namely (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1948, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976. The Code will apply to all employees’ and allows the Central Government to set a minimum statutory wage.

The four existing laws are as follows:

- **The Payment of Wages Act, 1936**

Payment of Wages Act, 1936, as amended, Payment of Wages (Amendment) Act, 2017 is aimed at regulating the payment of wages to certain classes of persons employed in certain specified industries and to ensure a speedy and effective remedy for them against illegal deductions or unjustified delay caused in paying wages to them. The Act confers on the person(s) responsible for payment of wages certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

- **The Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, and manual or clerical (including out-workers) in any employment listed in the schedule to this Act, in respect of which minimum rates of wages have been fixed or revised under the Act.

- **The Payment of Bonus Act, 1965 (the “PoB Act”)**

The PoB Act provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due.

- **The Equal Remuneration Act, 1976**

The Equal Remuneration Act, 1976 aims to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto. According to the Remuneration Act, no employer shall pay to any worker, employed by him/her in an establishment, a remuneration (whether payable in cash or in kind) at rates less favorable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment for performing the same work or work of a similar nature. In addition, no employer shall for complying with the foregoing provisions of the Remuneration Act, reduce the rate of remuneration of any worker. No employer shall, while making recruitment for the same work or work of a similar nature, or in any condition of service subsequent to recruitment such as promotions, training or transfer, make any discrimination against women except where the employment of women in such work is prohibited or restricted by or under any law for the time being in force.

Industrial Relations Code, 2020

The Government of India enacted ‘The Industrial Relations Code, 2020’ which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume three separate legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. Currently the laws are as follows:

- **Industrial Disputes Act, 1947**

The Industrial Disputes Act, 1947 provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labor court, tribunal, or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while proceeding is pending. The labor courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workers. The ID Act further provides for direct access for the workers to labour courts or tribunals in case of individual disputes and provided for the constitution of grievance settlement machineries in any establishment having twenty or more workers.

- **Trade Unions Act, 1926**

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non-employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

- **Industrial Employment (Standing Orders) Act, 1946 (the “Standing Orders”)**

The Standing Orders were passed by the Central Government to bring uniformity in the terms of employment in industrial establishments so as to minimize industrial conflicts. The Standing Orders play a key role in defining the terms and conditions of employment within an industrial employment. The highlights of the Standing Orders such as classification of workmen, manner of intimation to workers about work and wage related details. Attendance and conditions for leaves, conditions of termination of employment and means of redressed for workmen in different.

Code on Social Security, 2020

The Government of India enacted ‘The Code on Social Security, 2020 which received the assent of the President of India on September 28, 2020. The provisions of this code will be brought into force on a date to be notified by the Central Government. It proposes to subsume several separate legislations including the Employee’s Compensation Act, 1923, the Employees’ State Insurance Act, 1948, the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961 and the Payment of Gratuity Act, 1972. The laws that the code shall subsume, are currently as follows –

- **Employee’s Compensation Act, 1923**

The Employees’ Compensation Act, 1923 provides for payment of compensation to injured employees or workmen by certain classes of employers for personal injuries caused due to an accident arising out of and during the course of employment. Under the Employees’ Act, the amount of compensation to be paid depends on the nature and severity of the injury. The Employees’ Act also lays down the duties/obligations of an employer and penalties in cases of non-fulfilment of such obligations thereof. There are separate methods of calculation or estimation of compensation for injury sustained by the employee. The employer is required to submit to the Commissioner for Employees’ Compensation a report regarding any fatal or serious bodily injury suffered by an employee within seven days of death/serious bodily injury.

- **Employee’s State Insurance Act, 1948**

It is an Act to provide for certain benefits to employees in case of sickness, maternity and ‘employment injury’ and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government) other than seasonal factories. The ESI Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

- **Employee’s Provident Fund and Miscellaneous Provisions Act, 1952**

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees’ provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under Section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

- **Maternity Benefit Act, 1961**

The Act provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The Act is applicable to every establishment which is a factory, mine or plantation including any such establishment belonging to government and to every establishment of equestrian, acrobatic and other performances, to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the state government may, with the approval of the Central Government, after giving at least two months' notice shall apply any of the provisions of this Act to establishments or class of establishments, industrial, commercial, agricultural or otherwise.

- **Payment of Gratuity Act, 1972**

The Act shall apply to every factory, mine plantation, port and railway company; to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government, may by notification, specify in this behalf. A shop or establishment to which this Act has become applicable shall be continued to be governed by this Act irrespective of the number of persons falling below ten at any day. The gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five-year period shall be relaxed in case of termination of service due to death or disablement.

The Employees' Pension Scheme, 1995

Family pension in relation to this Act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this Act. Every employee who is member of EPF or PF has an option of the joining the scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the all the employees who are members of the fund.

Employees' Deposit Linked Insurance Scheme, 1976

The scheme shall be administered by the Central Board constituted under section 6C of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under Section 8A of the Act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer's contribution and also Central Government's contribution to the insurance fund shall be credited to an account called as "Deposit-Linked Insurance Fund Account."

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressed) Act, 2013 (the "Act")

In order to curb the rise in sexual harassment of women at workplace, this Act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the Act. Every employer should also constitute an "Internal Complaints Committee" and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety for the persons coming into contact at the workplace, organizing awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

Child Labour (Prohibition and Regulation) Act, 1986 (the “CLPR Act”)

The “CLPR Act” seeks to prohibit the engagement of children in certain employments and to regulate the conditions of work of children in certain other employments. Part B of the Schedule to the CLPR Act strictly prohibits employment of children in cloth printing, dyeing and weaving processes and cotton ginning and processing and production of hosiery goods.

Fire Prevention Laws and the National Building Code of India, 2016

State governments have enacted laws that provide for fire prevention and life safety. Such laws may be applicable to our offices and Training Centres and include provisions in relation to providing fire safety and life saving measures by occupiers of buildings, obtaining certification in relation to compliance with fire prevention and life safety measures and impose penalties for non-compliance. The National Building Code (NBC) promulgates legal provisions governing the safety of individuals within specific categories of structures, encompassing public, residential, industrial buildings and others as stated within categories provided therein. These provisions encompass a wide array of critical aspects, including but not limited to fire safety, disaster management and precautions, as well as accessibility.

Certain other laws and regulations that may be applicable to our Company in India include the following:

- Public Liability Insurance Act, 1991 (“PLI Act”)
- Industrial (Development and Regulation) Act, 1951 (“IDRA”)
- Industrial Disputes Act, 1947 (“ID Act”)
- Payment of Bonus Act, 1965 (“POB Act”)
- Payment of Gratuity Act, 1972.
- Child Labour (Prohibition and Regulation) Act, 1986
- Inter-State Migrant Workers (Regulation of Employment and Conditions of Service) Act, 1979
- Equal Remuneration Act, 1976 (“ER Act”)
- Contract Labour (Regulation and Abolition) Act, 1970 (CLRA) and Contract Labour (Regulation and Abolition)
- Central Rules, 1971 (Contract Labour Rules)
- Workmen Compensation Act, 1923 (“WCA”)
- Maternity Benefit Act, 1961 (“Maternity Act”)
- Industrial Employment Standing Orders Act, 1946
- The Employees Compensation Act, 1923 (“EC Act”) and the rules framed thereunder
- Minimum Wages Act, 1948 (“MWA”) and the rules framed thereunder

❖ ANTI-TRUST LAWS

Competition Act, 2002 (the “Act”)

The Act is to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The Act deals with prohibition of anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Act.

❖ TAX RELATED LEGISLATIONS

Income-tax Act, 1961 (“Income Tax Act”)

The Income Tax Act is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its “Residential Status” and “Type of Income” involved. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the Income Tax Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc.

Customs Act, 1962

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e., bringing into India from a place outside India or at the time of export of goods i.e., taken out of India to a place outside India. Any Company desirous of importing or exporting any goods is first required to get it registered and obtain an IEC (Importer Exporter Code).

Central Goods and Services Tax Act, 2017 (the “GST Act”)

The GST Act levies indirect tax throughout India to replace many taxes levied by the Central and State Governments. The GST Act was applicable from July 1, 2017 and combined the Central Excise Duty, Commercial Tax, Value Added Tax (VAT), Food Tax, Central Sales Tax (CST), Introit, Octroi, Entertainment Tax, Entry Tax, Purchase Tax, Luxury Tax, Advertisement Tax, Service Tax, Customs Duty, Surcharges. GST is levied on all transactions such as sale, transfer, purchase, barter, lease, or import of goods and/or services. India has adopted a dual GST model, meaning that taxation is administered by both the Union and State Governments. Transactions made within a single state is levied with Central GST (CGST) by the Central Government and State GST (SGST) by the government of that state. For inter-state transactions and imported goods or services, an Integrated GST (IGST) is levied by the Central Government. GST is a consumption-based tax; therefore, taxes are paid to the state where the goods or services are consumed and not the state in which they were produced.

Prevention of Black Marketing and Maintenance of Supplies Act, 1980:

Prevention of Black Marketing and Maintenance of Supplies Act, 1980. It is an Act for detention in certain cases or the purpose of prevention of black marketing and maintenance of supplies of commodities essential to the community and for matters concerned therewith.

❖ INTELLECTUAL PROPERTY LEGISLATIONS:

In-general the Intellectual Property Rights includes but is not limited to the following enactments:

Trademarks Act, 1999 (“TM Act”)

The Trademarks Act, 1999 provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The TM Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

❖ GENERAL LAWS

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Negotiable Instrument Act 1881, Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959, Consumer Protection Act 2019, Indian Contract Act, 1872, Transfer of Property Act, 1882, Information Technology Act, 2000 etc.

❖ OTHER LAWS

Foreign Exchange Management Act, 1999 (“FEMA”)

The "Foreign Exchange Management Act, 1999" (commonly known as "FEMA") was enacted by the Government of India to replace the earlier "Foreign Exchange Regulation Act, 1973" ("FERA"). FEMA was introduced with the primary objective of consolidating and amending the laws related to foreign exchange. Its overarching aim was to facilitate external trade and payments while promoting the organized development and maintenance of the foreign exchange market in India. FEMA brought about significant changes by removing many restrictions on the trade of goods and services to and from India. However, it retained a provision enabling the Central Government to impose reasonable restrictions in the public interest when necessary.

Foreign Direct Investment

Regarding "Foreign Direct Investment" (FDI), the Indian government has periodically communicated its policies through press notes and releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (referred to as "DIPP"), issued the consolidated "FDI Policy Circular of 2020" ("FDI Policy 2020"), which came into effect on October 15, 2020. This comprehensive policy consolidated and superseded all previous press notes, press releases, and clarifications on FDI policy issued by the DIPP. The government intends to update this consolidated circular on FDI policy annually, with FDI Policy 2020 remaining valid until the issuance of an updated circular.

The "Reserve Bank of India" (RBI) also plays a crucial role in governing FDI in India through its "Master Directions on Foreign Investment in India," which are periodically updated. These directions specify that an Indian company may issue new shares to individuals residing outside India, subject to certain eligibility criteria and pricing guidelines outlined in the Master Directions. Companies conducting such share issuances are obligated to meet reporting requirements, including disclosing considerations for the issuance of shares, and filing relevant forms such as Form FC-GPR.

Foreign Trade (Development and Regulation) Act, 1992 (the "Act")

The "Foreign Trade (Development and Regulation) Act, 1992" (referred to as the "Act") governs and regulates India's foreign trade policies concerning the exchange of goods and services. It was enacted in 1992 as a replacement for the "Import and Exports (Control) Act, 1947." The primary objective of this Act is to facilitate imports into and increase exports from India. It aims to achieve these goals by providing a legal framework for the development and regulation of foreign trade. Notably, through the "Foreign Trade (Development and Regulation) Amendment Act of 2010," the Act expanded its scope to include the import and export of "services" in its regulatory ambit.

Export Promotion Capital Goods Scheme ("EPCG Scheme")

The objective of the EPCG Scheme under the Foreign Trade Policy 2015-20 is to promote the import of capital goods for producing quality goods and services in India, thereby enhancing India's manufacturing competitiveness. The EPCG Scheme allows import of capital goods for pre-production, production and post production at zero customs duty, subject to an export obligation equivalent to six times of duties, taxes and charges saved on capital goods, to be fulfilled in six years reckoned from date of issue of authorization. The EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers.

Remission of Duties and Taxes on Export Products Scheme ("RODTEP Scheme")

Prior to January 1, 2021, the Merchandise Exports from India Scheme ("MEIS") was in force pursuant to which, the Government provided duty benefits depending on the product and the country of export. However, the Ministry of Finance, GoI has discontinued MEIS with effect from January 1, 2021 and announced RODTEP Scheme for exporters. RODTEP scheme will ensure that the exporters receive the refunds on the embedded taxes and duties that were previously non-recoverable. RODTEP scheme allows the exporter for the payment of import duty or sell such duty credit scrips in the open market to other importers.

Other regulations:

In addition to the above, the Company is required to comply with the provisions of the Companies Act, and other applicable statutes imposed by the Centre or the State for its day-to-day operations.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated on May 23, 1946, as “Yarn Syndicate Limited” as a Public Limited Company under the provisions of the Indian Companies Act, 1913 with the Registrar of Companies, Calcutta (‘Kolkata’). A certificate of incorporation was issued on May 23, 1946 by Registrar of Companies, Calcutta (‘Kolkata’). Change of Registered Office of the Company from 86/2/4, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata, West Bengal – 700014 to Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar – 382 007, Gujarat, has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023. For further details of our Company, please refer to the chapter titled “General Information” on page 43 of this Letter of Offer.

YARN SYNDICATE LIMITED, was incorporated on 23.05.1946 and commenced its business operations as dealers in all types of YARN soon thereafter.

The Company became one of the pioneers to export all types of yarn, viz. cotton yarn, polyester cotton yarn, polyester viscose yarn, flax yarn, jute yarn, bamboo yarn, organic yarn etc. from India and in the more than four decades since, has become one of the leading exporters of cotton and other varieties of yarn in the country. The Company has become one of the largest merchant exporters of cotton and other varieties of yarn and during the quota regime was one of the biggest quota holders of EEC countries. In the past many decades, the Company has constantly strived to get new customers while strengthening its business relations with existing customers/manufacturers. The Company is committed to strictly maintaining the highest standards with respect to quality of products and delivery schedules to our customers.

The products the Company is exporting are 100% cotton yarn, 100% polyester yarn, 100% viscose yarn, polyester textured yarn, jute yarn, and other types of yarn like flax yarn and raw cotton etc.

The Company has bagged many leading exporter awards for its export performance over the decades as follows: -

- For the years 1976-77 and 1978-79, leading Exporter awards from the Cotton Textile Export Promotion Council of India (Texprocil);
- For the years 1984 to 1988 and 1990 to 1992 the highest Export Performance awards from Texprocil;
- The National Export Award, the highest in the land for exports, for the year 1991-92 presented by His Excellency Dr. Shankar Dayal Sharma, the then President of India.
- Canara Bank’s outstanding Exporters Award for the year 1992-93 given by Dr. C. Rangrajan, the then Governor of RBI;
- Export Excellence Award by the Calcutta Circle of Canara Bank for 1993-94;
- Highest export performance gold trophy for 1995-96 from FIEO;

The Company is a Public Limited Company and its equity shares are listed with the BSE Limited. The Company has adopted a corporate governance policy and believes in ensuring transparency in all its operations and complies with various laws and regulations.

The Company is a Merchant Exporter and trader and is fully involved in the export and trading of various types of yarn, raw cotton and fabrics and is committed to the further growth of its business operations in competitive international and domestic markets while always maintaining strong business relations with its existing clients. Being in the export and domestic trading business for many decades it has gathered many business contacts in this highly competitive line of business. At the same time, it continues to add new products to its export and domestic portfolio and to explore new markets for the export and trading of its products.

The Acquirer (i.e. Mr. Ravi Niranjana Pandya) has entered into the SPA with the Selling Shareholder (i.e. Ms. Sheela Patodia), on November 17, 2022, for the acquisition of 13,13,546 (Thirteen Lakhs Thirteen Thousand Five Hundred and Forty-Six) Equity Shares representing 35.03% of the Paid Up and voting Equity Share Capital of Target Company at a price of Rs. 4.00/- (Rupees Four only) per Equity Share aggregating to Rs. 52,54,184/- (Rupees Fifty Two Lakhs Fifty Four Thousand One Hundred and Eight Four Only), payable in cash along with the acquisition of control over the Target Company.

The prime objective of the Acquirer for the Open Offer is the substantial acquisition of Equity Shares and voting rights and control over the management and affairs of the Target Company.

At present, the Board of Directors of the Company has 4 (Four) Directors. Mr. Ravi Pandya, Managing Director is in charge of the affairs of the Company and he is ably assisted by Mr. Chetan Kumar Ojha, Director. Mr. Chetan Kumar Ojha joined the Company as a Director on 11/09/2023. The Company has 2 (Two) Independent Directors, Mr. Nandish Jani and Ms. Nidhi Bansal.

Wherever applicable please refer to chapter titled “*Our Business*”, “*Industry Overview*” and “*Management’s Discussion and Analysis Report*” beginning on page 73, 61 and 129 respectively of this Letter of Offer.

REGISTERED OFFICE*:

Registered Office of the Company is situated at 86/2/4, S N Banerjee Road, 1st Floor, Flat No. 2, Kolkata, West Bengal – 700 014.

**(Change of Registered Office has been approved by the Shareholders in the Annual General Meeting held on August 31, 2023.)*

The Registered office of our Company has been changed from time to time since incorporation, details of which are given hereunder:

Date of Change of Registered office	Registered Office	
On Incorporation	7, Sambhu Nath Mulck Lane, Calcutta-700007, West Bengal	
	Changed from	Changed to
October 31, 2007	7, Sambhu Nath Mulck Lane, Calcutta-700007, West Bengal	Patodia House, 23, Circus Avenue, Kolkata 700017, West Bengal
August 13, 2010	Patodia House, 23, Circus Avenue, Kolkata 700017, West Bengal	42, Broad Street, Ground Floor, Kolkata 700019, West Bengal
November 11, 2013	42, Broad Street, Ground Floor, Kolkata 700019, West Bengal	Flat No. 2 on the First Floor of premises no. 86/2/4, S N Banerjee Road, Kolkata – 700014, West Bengal

AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION

1. Change of Name

The name of the Company has not been changed since its inception.

2. Authorized Share Capital

The following changes have been made in the Memorandum of Association of our Company since its inception:

Date of Amendment	Particulars
August 27, 1993	Sub-division of Equity shares from face value of Rs. 100/- to face value of Rs. 10/- each.
August 27, 1993	Increase in authorized share capital from Rs. 1.00 Crore to Rs. 5.00 Crores.
August 31, 2023	Increase in authorized share capital from Rs. 5.00 Crores to Rs. 22.00 Crores.

3. Object Clause

The Object Clause in the Memorandum of Association of the Company has not been changed since its inception.

Major Events

The major events of the Company since its inception in the particular year are as under:

Financial Year	Events
1946-47	Our Company was incorporated as Yarn Syndicate Limited on May 23, 1946.
1994-95	Our Company was listed on Main Borad of BSE Limited (<i>Formerly known as Bombay Stock Exchange Limited</i>) ('BSE') on June 17, 1994.
2022-23	Mr. Ravi Niranjana Pandya had entered into the Share Purchase Agreement with Ms. Sheela Patodia on 17/11/2022, for the acquisition of 13,13,546 fully paid-up Equity Shares of Rs. 10/- each representing 35.03% of the fully paid-up capital and voting of Equity Share Capital of the Company at a Price of Rs. 4.00/- (Rupees Four Only) per Equity Share aggregating to Rs. 52,54,184/-. Takeover of Equity shares by Mr. Ravi Pandya via Open offer (period opened from February 15, 2023 to February 28, 2023)
2023-24	Shifting of Registered Office of our Company from State of West Bengal to State of Gujarat through Special Resolution approved by the Shareholders in Annual General Meeting held on August 31, 2023.

Holding / Subsidiary / Associate Company and Joint Venture of the Company

Our Company does not have any Holding / Subsidiary / Associate Company and Joint Venture.

Raising of Capital in form of Equity

For details of increase in Equity Share Capital of our company please refer section "Capital Structure" on page 48 of this Letter of Offer.

Injunction and restraining order

Our Company is not under any injunction or restraining order, as on date of filing of this Letter of Offer.

Managerial Competence

For managerial Competence please refer to the section "Our management" on Page 95 of this Letter of Offer.

Acquisitions / Amalgamations / Mergers / Revaluation of assets

The Acquirer (i.e. Mr. Ravi Niranjana Pandya) has entered into the SPA with the Selling Shareholder (i.e. Ms. Sheela Patodia), on November 17, 2022, for the acquisition of 13,13,546 (Thirteen Lakhs Thirteen Thousand Five Hundred and Forty-Six) Equity Shares representing 35.03% of the Paid Up and voting Equity Share Capital of Target Company at a price of Rs. 4.00/- (Rupees Four only) per Equity Share aggregating to Rs. 52,54,184/- (Rupees Fifty Two Lakhs Fifty Four Thousand One Hundred and Eight Four Only), payable in cash along with the acquisition of control over the Target Company.

The prime objective of the Acquirer for the Open Offer is the substantial acquisition of Equity Shares and voting rights and control over the management and affairs of the Target Company.

Total number of Shareholders of Our Company

As on the date of filing of this Letter of Offer, the total number of Equity shareholders are 3,835. For more details, on the shareholding of the Members, please see the section titled "Capital Structure" at page 48 of this Letter of Offer.

Main Objects as set out in the Memorandum of Association of the Company

The object clauses of the Memorandum of Association of our Company enable us to undertake the activities for which the funds are being raised in the present Issue. Furthermore, the activities of our Company which we have been carrying out until now are in accordance with the objects of the Memorandum. The objects for which our Company is established are:

1. To carry on in India or elsewhere the trade or business as dealers in yarns of all descriptions and varieties.
2. To carry on the business of general merchants and commission agents and of importers and exporters of yarn, piece goods, machinery, plant and all kinds of merchandise and goods.
3. To act as agents, banians, and in particular as managing agents and or as selling agents of any company or companies, firm or firms or person or persons engaged in the business of yarn of any description and to do and perform all duties and exercise all powers in connection with the said office.
4. To carry on all or any of the business of wholesale and retail dealers of cloth and in textiles fabric of all kinds, cotton, spinners, cloth manufacture, clothiers, hosiers, wool merchants, yarn merchants and worsted stuff manufacture.

Shareholders' Agreements

Our Company has not entered into any shareholders agreement as on the date of filing this Letter of Offer.

Other Agreements

Our Company has entered into Share subscription and shareholders agreement with M/s. Stitched Textiles Limited for Investment in Equity shares of the Stitched Textiles Limited.

Strategic Partners

Our Company is not having any strategic partner as on the date of filing this Letter of Offer.

Financial Partners

Our Company has not entered into any financial partnerships with any entity as on the date of filing of this Letter of Offer.

OUR MANAGEMENT

• BOARD OF DIRECTORS

The Articles of Association require our Board to have at least 3 (Three) Directors and not more than 15 (Fifteen) Directors. Our Board presently comprises of 4 (Four) Directors, which consists of 1 (One) Executive Director, 1 (One) Non-Executive and Non-Independent Director and 2 (Two) Non-Executive and Independent Directors. Mr. Chetan Kumar Ojha is our Chairman and he is a Non - Executive Director.

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

Name of the Director	Designation	DIN	Address
Mr. Ravi Niranjana Pandya	Managing Director	09509086	F 202, Vedika Habitaat, Opp Urjanagar, Nr. City Pulse Cinema Lane, Gandhinagar Randesan, Gandhinagar - 382007
Mr. Nandish Jani	Non-Executive and Independent Director	09565657	15, Arasuri Society, Near Vyasvadi, Nava Vadaj, Ahmedabad – 380 013
Ms. Nidhi Bansal	Non-Executive and Independent Director	09693120	99, Bansal Bhavan, Pali Road, Near Mela Ground Ward Num.08, Sheopur, Madhya Pradesh – 476 337
Mr. Chetan Kumar Ojha	Non-Executive Director	09706197	E/202, Purushottam Nagar, Near Pink City Ranip, Ahmedabad – 382 480

Family Relationship between our Directors

None of the Directors are related to each other.

• PROMOTER AND PROMOTER GROUP***

The following are Promoters and Members of Promoter Group as on date of this Letter of Offer:

A. Individual Promoters:

Mr. Ravi Niranjana Pandya
Mr. Rishiraj Patodia
Ms. Sheela Patodia

B. Individual Members of Promoter Group:

Mr. Anuj Patodia
Ms. Indu Chandrakishore Poddar
Ms. Jayanti Dalmia
Mr. Manoj Kumar Patodia
Ms. Nandita Patodia

C. Non-Individual Promoters / Members of Promoter Group:

M/s. Y S Exports Limited

***Except Mr. Ravi Niranjana Pandya, all the Promoters (incl. Promoter Group) of our Company have applied for Reclassification of Promoters vide Application No.: 185131 dated 18th September, 2023 and the application is under process. Further, Outgoing Promoters has no nexus with the Company and also Outgoing Promoters are not controlling the Board Structure.

	<p>Mr. Ravi Pandya, aged 38 years, has an experience of over Fifteen years in the field of Information Technology. Apart from our Company, he is also a Director in Ovatix IT Solutions Private Company. He has been instrumental in taking major policy decisions for the Company. He is playing vital role in formulating business strategies and effective implementation of the same.</p> <p>He has graduated as a Bachelor of Computer Applications in the year 2004.</p> <p>He has served as the Vice President Sales in VC ERP Consulting wherein he managed SAP Business as whole in terms of Sale growth, Business Strategies for Domestic and International markets. His leadership skills were instrumental in leading the core team of the Company.</p>
Date of Birth	1 st July, 1984
Address	F-202, Vedika Habitaat, Opp. Urjanagar 1, Nr. City Pulse Cinema Lane, Gandhinagar, Randesan, Gandhinagar – 382 007, Gujarat.
Qualification	Bachelor of Computer Applications (BCA)
Experience	Mr. Ravi Pandya, aged 38 years, has an experience of over Fifteen years in the field of Information Technology. Apart from our Company, he is also a Director in Ovatix IT Solutions Private Company.
Occupation	Self-Employment
Permanent Account Number	APTPP0931P
Voter Identification Card Number	N.A.
Driving License Number	N.A.
Passport Number	H8191955
Aadhaar Number	5902 9070 8104
No. of Equity Shares held in [% of Shareholding]	13,13,646 Equity Shares representing 35.03% of the Paid-up Capital
Other Interests	<p><u>Directorships:</u></p> <p>Public Limited Company: Nil Private Limited: Ovatix IT Solutions Private Limited Partnerships: Nil HUF: Nil</p>

Interest of our Promoters

Our Promoter, Mr. Ravi Pandya is interested to the extent of his directorship in M/s. Ovatix IT Solutions Private Limited and has nil shareholding in the Company.

Payment or benefit to Promoters of our Company

Except as disclosed herein and as stated in the section titled “Financial Statements” on page no. 107 of this Letter of Offer there has been no amount paid or benefits granted by our Company to our Promoters or any of the members of the Promoter Group in the preceding two years nor is there any intention to pay any amount or provide any benefit to our Promoters or Promoter Group as on the date of this Letter of Offer.

Other confirmations

No material guarantees have been given to third parties by our Promoter(s) with respect to Equity Shares of our Company.

Our Promoter(s) have not been declared as willful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or are pending against them.

Our Promoter(s) and Members of Promoter Group have not been debarred or prohibited from accessing or operating in Capital Market under any order or direction passed by SEBI or any other regulatory or Governmental authority. Our Promoter(s) are not and have never been a Promoter, Director or Person in control of any other Company which is debarred or prohibited from accessing or operating in Capital Market under any order or direction passed by SEBI or any other regulatory or Governmental authority.

None of the Promoter Group Companies have made any public issue in the preceding three years. None of Promoter Group Companies fall under the definition of a Sick Company within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended or have been declared insolvent or bankrupt under the provisions of the Insolvency and Bankruptcy Code, 2016, as amended or have any insolvency or bankruptcy proceedings initiated against any of them and is not under winding up.

For details on litigations and disputes pending against the Promoter(s), please refer to the section titled 'Outstanding Litigations and Material Development' on page no. 134 of the Letter of Offer.

Details of current and past directorship(s) of the above Directors in Listed Companies whose shares have been/were suspended from being traded on any of the stock exchanges, during his/her tenure.

None of our Directors is or was a Director of any Company listed on any Stock Exchange, whose shares have been or were suspended from being traded during the five years preceding the date of this Letter of Offer, during the term of his/her directorship in such Company.

Details of current and past directorship(s) of the above Directors in Listed Companies which have been/were delisted from the stock exchange(s), during his/her tenure.

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 his/her directorship in such Company.

- **CORPORATE GOVERNANCE**

- **Audit Committee**

Our Company has formed the Audit Committee as per the applicable provisions of the Section 177 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable upon listing of Company's Equity shares on BSE Limited (BSE). The constituted Audit Committee comprises following members:

Name of the Director	Status in Committee	Nature of Directorship
Ms. Nidhi Bansal	Chairperson	Independent Director
Mr. Nandish Jani	Member	Independent Director
Mr. Ravi Pandya	Member	Managing Director

The Company Secretary of our Company shall act as a Secretary of the Audit Committee. The Chairperson of the Audit Committee shall attend the Annual General Meeting of our Company to furnish clarifications to the shareholders in any matter relating to financial statements. The scope and function of the Audit Committee and its terms of reference shall include the following:

- A. Tenure:** The Audit Committee shall continue to be in function as a Committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.
- B. Meetings of the Committee:** The Committee shall meet at least 4 (Four) times in a year and not more than 120 days 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 at least one Independent Director at each meeting.
- C. Role and Powers:** The Role of Audit Committee together with its powers as Part C of Schedule II of SEBI Listing Regulation, 2015 and Companies Act, 2013 shall be asunder:
 - i. Recommendation for appointment, remuneration and terms of appointment of Internal and Statutory Auditors' of the Company;
 - ii. Review and monitoring of the Auditors' independence and performance, an effectiveness of the Audit process;
 - iii. Review and examination of the, the quarterly, half yearly and yearly financial statements and report of the Auditors' thereon;
 - iv. Overview of the Company's financial reporting process and the disclosure of its Financial Information to ensure that financial information is correct, sufficient and credible;
 - v. Reviewing, with the management, 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 the Board's report in terms of clause 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the audit report;
 - vi. Approval or any subsequent modification of transaction of the Company with the related parties;
 - vii. Scrutiny of Inter corporate loans and investments;
 - viii. Valuation of the undertakings or assets of the Company, wherever it is necessary;
 - ix. 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;
 - x. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
 - xi. 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;

- xii. 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;
- xiii. To recommend and review the functioning of the vigil mechanism/Whistle Blower mechanism;
- xiv. To recommend the appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- xv. To obtain outside legal or other professional advice wherever required;
- xvi. To attend to any other responsibility as may be entrusted by the Board within the terms of reference.

➤ **Stakeholders Relationship Committee**

Our Company has formed the Stakeholders Relationship Committee as per Section 178 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable upon listing of Company's Equity shares on BSE Limited (BSE). The constituted Stakeholders Relationship Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr. Ravi Pandya	Chairperson	Managing Director
Mr. Chetan Kumar Ojha	Member	Non-Executive and Non-Independent Director
Ms. Nidhi Bansal	Member	Independent Director

The Company Secretary of our Company shall act as a Secretary to the Stakeholders Relationship Committee. The scope and function of the Stakeholders Relationship Committee and its terms of reference shall include the following:

- A. Tenure:** The Stakeholders Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholders Relationship Committee as approved by the Board.
- B. Meetings:** The Stakeholders Relationship Committee shall meet at least once a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be minimum 2 (Two) members, out of which at least 1 (One) shall be an Independent Director.
- C. Scope and Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:
 - i. To ensure effective and efficient system for transfer, transmission, dematerialization, re-materialization, splitting and consolidation of shares and other securities;
 - ii. To ensure effective and efficient system for time attendance and resolution to the grievances of all securities holders of the Company and resolve all the grievances of securities holders of the Company;
 - iii. To monitoring the transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of shares and other securities issued by the Company;
 - iv. To issue of duplicate/split/consolidated share and other securities certificates;
 - v. To do all such acts, things or deeds as may be necessary or incidental to the exercise of all the above powers;
 - vi. To attend to any other responsibility as may be entrusted by the Board within the terms of Reference.

➤ **Nomination and Remuneration Committee**

Our Company has formed the Nomination and Remuneration Committee as per Section 178 and other applicable provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 (as amended) and also to comply with Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 applicable upon listing of Company's Equity shares on BSE Limited (BSE). The Nomination and Remuneration Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Ms. Nidhi Bansal	Chairperson	Independent Director
Mr. Nandish Jani	Member	Independent Director
Mr. Chetan Kumar Ojha	Member	Non-Executive and Non-Independent Director

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

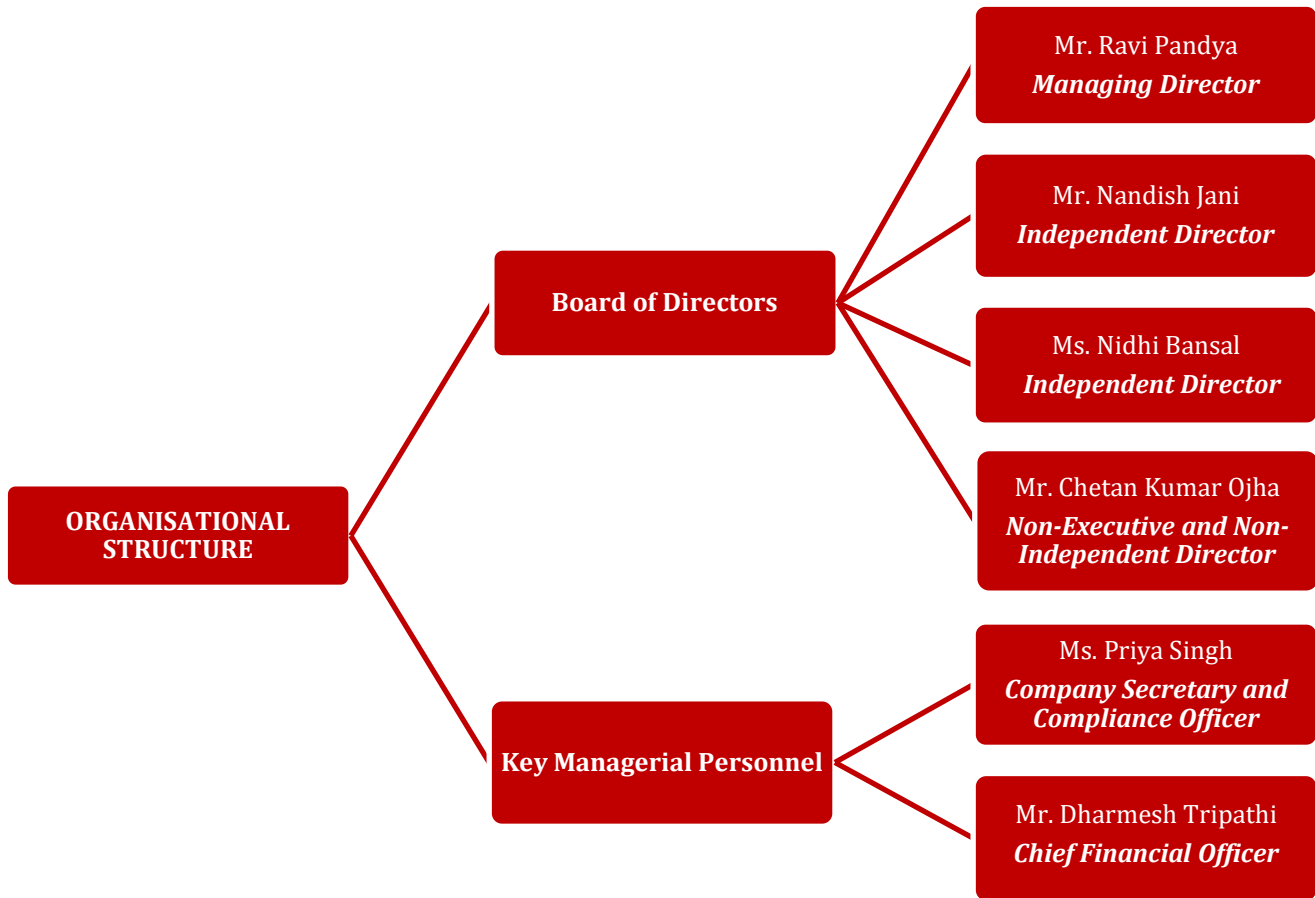
- A. Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.
- B. Meetings:** The committee shall meet as and when the need arises for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. The Chairperson of the nomination and remuneration committee may be present at the Annual General Meeting, to answer the shareholders' queries; however, it shall be up to the Chairperson to decide who shall answer the queries.
- C. Scope and Terms of Reference:**
- i. To ensure formal and transparent procedures for the selection and appointment of new directors and succession plans;
 - ii. To identify and lay down the criteria and procedures for appointment of senior management and in accordance with the criteria laid down, recommend to the Board their appointment and removal;
 - iii. To formulate the criteria and policies 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;
 - iv. To recommend to the Board, the appointment and remuneration for Managing/Joint Managing/Deputy Managing/Whole-time/Executive Directors and other KMP(s) from time to time;
 - v. To implement supervise and administer any share or stock option scheme of the Company;
 - vi. To formulate and implement the policies for evaluation of the performance of the Members of the Board and other KMP(s);
 - vii. To attend to any other responsibility as may be trusted by the Board within the terms of reference.

Composition of Board of Directors

Composition of Board of Directors is set forth in the below mentioned table:

Sr. No.	Name of the Director	Designation	DIN
1.	Mr. Ravi Niranjana Pandya	Managing Director	09509086
2.	Mr. Nandish Jani	Non - Executive and Independent Director	09565657
3.	Ms. Nidhi Bansal	Non - Executive and Independent Director	09693120
4.	Mr. Chetan Kumar Ojha	Non - Executive Director	09706197

ORGANIZATIONAL STRUCTURE



Details of Key Managerial Personnels (KMPs)

Following are the Key Managerial Personnels (KMPS) of our Company as on the date of this Letter of Offer:

Sr. No.	Name of Person	Designation
1.	Mr. Ravi Pandya C/o Yarn Syndicate Limited Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar, Sector 7, Gujarat - 382007 Contact No.: +91-7043485611	Managing Director (MD)
2.	Mr. Dharmesh Tripathi C/o Yarn Syndicate Limited Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar, Sector 7, Gujarat - 382007 Contact No.: +91-7043485611	Chief Financial Officer (CFO)
3.	Ms. Priya Singh C/o Yarn Syndicate Limited Shop No 128 Supemall-2 GH-0 Circle, Infocity, Gandhinagar, Sector 7, Gujarat - 382007 Contact No.: +91-7043485611	Company Secretary (CS)

Bonus or Profit sharing plan for our Key Managerial Personnel(s) (KMPs)

Our Company does not have any bonus or profit sharing plan for our Key Managerial Personnel(s) (KMPs).

DIVIDEND POLICY

The declaration and payment of final 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.

The Board of Directors of your Company has approved and adopted the Dividend Distribution Policy of the Company on voluntary basis as per SEBI (LODR) Regulation 2015. The Dividend Distribution Policy is available on the website of the Company and our Company has not declared any Dividend in the last three financial years.

Dividends are payable within thirty days of approval by the Equity Shareholders at the Annual General Meeting of our Company and in case of interim dividend within thirty days of declaration by the Board of Directors. When dividend is declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.

SECTION VII: FINANCIAL INFORMATION

Sr. No.	Particulars	Page Nos.
1.	The Limited Review Report along with Unaudited Financial Results for the quarter ended on June 30, 2023.	104 – 106
2.	Restated Financial Statements	107 – 127

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Yarn Syndicate Limited
CIN :L51109WB1946PLC013842

Registered Address: 86/2/4, S N BANERJEE ROAD 1ST FLOOR, FLAT NO.2 KOLKATA Kolkata WB 700014 IN

Statement of Unaudited financial results for the Quarter ended 30 June 2023

(Rs. In Lakhs except EPS)

Sl. NO.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to Date figures for current Period ended
		30.06.2023	31.03.2023	30.06.2022	31.03.2023
		Unaudited	Audited	Unaudited	Audited
1	Net Sales/Income from Operations (Net)	-	-	-	-
2	Other Income	-	2.94	-	2.94
3	Total income from operations (net)	-	2.94	-	2.94
4	Expenses				
	a. Cost of material consumed				
	b. Purchase of stock -in-trade	-	0.00	-	-
	c. Change in inventories of finished goods, work-in- process and stock-in-trade	-	-	-	-
	d. Employees benefits expense	-	2.26	1.20	5.84
	e. Finance Cost	0.00	-	-	-
	f. Depreciation and amortisation expense	-	-	-	-
	g. Power and fuel	0.02	-	-	-
	h. Other expenses	5.94	2.88	5.72	13.17
	Total Expenses	5.96	5.14	6.93	19.01
5	Profit Before Exceptional Items & Extra Ordinary Items & Tax (3-4)	(5.96)	(2.20)	(6.93)	(16.07)
6	Exceptional Items	-	-	-	-
7	Profit Before Tax	(5.96)	(2.20)	(6.93)	(16.07)
	Current Tax	-	-	-	-
	Deferred Tax	-	-	-	-
8	Total Tax Expenses	-	-	-	-
9	Profit for the period from Continuing Operation (7-8)	(5.96)	(2.20)	(6.93)	(16.07)
10	Profit from Discontinuing Operations Before Tax	-	-	-	-
11	Tax Expenses of Discontinuing Operations	-	-	-	-
12	Profit from Discontinuing Operations After Tax (-	-	-	-
13	Share of Profit of associates and joint venture accounted for using equity method	-	-	-	-
14	Profit for the period (9-12)	(5.96)	(2.20)	(6.93)	(16.07)
15	Other Comprehensive Income Net of Taxes	-	-	-	-
16	Total Comprehensive Income Net of Taxes (14+15)	(5.96)	(2.20)	(6.93)	(16.07)
17	Details of equity Share Capital				
	Paid Up Equity Share Capital	375.00	375.00	375.00	375.00
	Other Equity	-	-	-	(417.13)
	Face Value of equity share Capital	10.00	10.00	10.00	10.00
18	Earnings Per Share (EPS)				
	a) Basic	(0.16)	(0.06)	(0.18)	(0.43)
	b) Diluted	(0.16)	(0.06)	(0.18)	(0.43)

Notes:

- These financial results were reviewed by the audit committee and thereafter have been approved by the board of directors at its meeting held on Friday August 11, 2023. The Statutory Auditors have carried out Limited review of the financial results for the quarter ended June 30, 2023.
- These audited financial results have been prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standard) Rules as amended from time to time.
- IND AS 108 Relating to Segment wise reporting is not applicable as the Company operates in only One Primary segment i.e. trading of yarn and fabric and other goods are incidental thereto.
- Previous year/quarter figures have been regrouped/rearranged wherever necessary.

FOR YARN SYNDICATE LIMITED

Digitally signed by RAVI NIRANJAN PANDYA
Date: 2023.08.11 11:08:17 +05'30'

Ravi Pandya
Director
DIN 09509086

Place : Kolkata
Date : 11-08-2023



S.P. SARDA & CO.
Chartered Accountants

Independent Auditor's Review Report on Quarterly Unaudited Financial Results of Yarn Syndicate Limited ("the company") pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as amended

To,
The Board of Directors
Yarn Syndicate Limited

Report on the Audit of the Financial Results

We have reviewed the accompanying statement of unaudited financial results of Yarn Syndicate Limited ("the Company"), for the quarter ended 30th June, 2023 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulations 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34, "Interim Financial Reporting" ("Ind AS 34") prescribed under section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulations 33 and 52 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free from material misstatement. A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ("Ind AS") specified under section 133 of the Companies Act, 2013 as amended, read with



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Office : 03340064746, Email : spsarda1995@yahoo.com

relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulations 33 and 52 of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For S. P. Sarda & Co.
Chartered Accountants
[Firm's Registration No. 323054E]





CA Ankit Agarwal
Partner
Membership No. 305132

UDIN: 23305132BGUABZ8704
Place: Kolkata
Date: 11.08.2023

**Independent Auditor's Examination report on Restated Financial Information of
Yarn Syndicate Limited**

To,
The Board of Directors
Yarn Syndicate Limited
Kolkata.

Dear Sirs,

1. We have examined the attached Restated Financial Information of Yarn Syndicate Limited (the "Company" or the "Issuer") comprising of the Restated Statement of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021 the Restated Statements of Profit and Loss , the Restated Cash Flow Statement for the year ended on March 31, 2023, March 31, 2022 and March 31, 2021, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on September 29, 2023 for the purpose of inclusion in the Draft Letter of Offer prepared by the Company in connection with its proposed Right issue of equity shares.
2. These restated Summary Statement have been prepared in terms of the requirements of:
 - a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act")
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations");and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").
3. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Draft Letter of Offer to be filed with Securities and Exchange Board of India, the Registrar of Companies and BSE Limited in connection with the proposed right issue of shares. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Annexure to the Restated Financial Information. The Board of Directors' responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.
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 dated September 29th, 2023 in connection with the proposed right issue of equity shares of the Issuer;
 - b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
 - c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
 - d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

5. These Restated Financial Information have been compiled by the management from the Audited Financial Statements of the Company for the financial years ended on March 31, 2023, March 31, 2022, March 31, 2021 which has been approved by the Board of Directors at their meetings held on 12/05/2023, 25/05/2022, 30/06/2021 respectively.
6. For the purpose of our examination, we have relied on:
 - a) Auditors' reports issued by us dated 12/05/2023, 25/05/2022, 30/06/2021 as at and for year ended on March 31, 2023, March 31, 2022 March 31, 2021 as referred in Paragraph 5(a) above.
7. Based on our examination and according to the information and explanations given to us, we report that the Restated Financial Information:
 - a) has been prepared after incorporating Ind AS adjustments to the audited Indian GAAP financial statements for the financial years ended 31st March, 2023, 31 March 2022 and 31 March 2021.
 - b) does not contain any qualifications requiring adjustments; and
 - c) has been prepared in accordance with the Act, SEBI ICDR Regulations and the Guidance Note.
8. We, M/s. S.P Sarda & Co., Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India ("ICAI") and hold a valid peer review certificate issued by the "**Peer Review Board**" of the ICAI which is valid till March 31, 2026.
9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim financial statements and audited financial statements mentioned in paragraph 5above.
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 Company for inclusion in the Draft Letter of Offer prepared by the Company in connection with its proposed Right issue of equity shares to be filed with Securities and Exchange Board of India, BSE Limited and the Registrar of Companies in connection with the proposed right issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For S P Sarda & Co,
Chartered Accountants
Firm's registration No. 323054E

Ankit Agarwal
Partner
Membership No. 305132
UDIN : 23305132BGUAEQ5831
Date: 29/09/2023
Place: Kolkata

Yarn Syndicate Limited
Restated Statement of Assets & Liabilities

		Rs in '000	Rs in '000	Rs in '000
		As at 31st March 2023	As at 31st March 2022	As at 31st March 2021
ASSETS				
Non-current assets				
a) Property plant and equipment And Intangible Assets	3	621	727	727
b) Financial assets				
i) Investments		-	-	-
c) Advance tax assets (net)		-	-	-
b) Deferred tax assets (net)		-	-	-
c) Other non- current assets		-	-	-
Total non-current assets		621	727	727
Current assets				
a) Financial assets				
i) Trade receivables	4	-	-	-
ii) Cash and cash equivalents	5	863	466	519
iii) Other Financial Asset	6	120	120	120
c) Other current assets	7	202	3,164	2,212
Total current assets		1,185	3,750	2,851
Total assets		1,805	4,477	3,578
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	8	37,500	37,500	37,500
b) Other equity		(41,713)	(40,106)	(44,139)
Total equity		(4,213)	(2,606)	(6,639)
Liabilities				
Non-current liabilities				
a) Provisions	9	873	873	873
Total non-current liabilities		873	873	873
Current liabilities				
a) Financial liabilities				
i) Short term borrowings	10	4,323	5,500	8,636
ii) Trade payables	11	268	283	245
b) Provisions		-	-	-
c) Other current liabilities	12	554	427	462
Total current liabilities		5,145	6,210	9,344
Total liabilities		6,018	7,083	10,218
Total equity and liabilities		1,805	4,477	3,578
Significant Accounting Policies and Notes on Accounts	1 & 2	-	0	0
	3-27			
The accompanying notes form an integral part of the financial statements.				
As per our report of even date attached.				
<i>for S. P Sarda & Co.</i>		<i>for and on Behalf of the Board of Directors</i>		
Chartered Accountants				
ICAI Firm's Registration No. : 323054E				
Ankit Agarwal		Ravi Pandya	Priya Singh	
(Partner)		(Managing Director)	(Company Secretary)	
Membership No : 305132		DIN: 09509086		
Place : Kolkata		Chetan Ojha	Dharmesh Vimalkumar Tripathi	
Date : 29/09/2023		(Additional Director)	(Chief Financial Officer)	
UDIN: 23305132BGUAEQ5831		DIN: 09706197		

Yarn Syndicate Limited
Restated Statement of Profit and Loss

			Rs in '000	Rs in '000	Rs in '000
	Particulars	Notes	For the year Ended 31st March 2023	For the year Ended 31st March 2022	For the year Ended 31st March 2021
I	Revenue from operations		-	-	-
II	Other income	13	294	5,959	25
III	Total Income (I+II)		294	5,959	25
IV	Expenses				
	Purchases of Stock-in-Trade		-	-	-
	Employee benefits expense	14	584	519	677
	Finance costs		-	-	0
	Depreciation expense	15	-	-	-
	Other expenses	16	1,317	1,407	1,235
	Total expenses (IV)		1,900	1,926	1,913
V	Profit before tax (III - IV)		(1,607)	4,033	-
VI	Tax expense				
	Excess Income tax earlier year		-	-	-
	Deferred tax		-	-	1,576
	Total tax expense (VI)		-	-	1,576
VII	Profit for the period (V-VI)		(1,607)	4,033	-
VIII	Other comprehensive income				
	<i>A) Items that will not be reclassified to profit or loss</i>				
	- Remeasurement of the employee defined benefit plans (net of tax)		-	-	-
	- Equity instruments through other comprehensive income (net of tax)		-	-	-
	<i>B) Items that may be reclassified to profit or loss</i>				
	- Effective portion of gains/(loss) on cash flow hedges		-	-	-
	Total other comprehensive income (net of taxes)		-	-	-
IX	Total comprehensive income for the year (VII+VIII)		(1,607)	4,033	-
	Earnings per equity share of (₹ 10 each)				
	(1) Basic (in Rs)	18	(0.43)	1.08	(0.92)
	(2) Diluted (In Rs)		(0.43)	1.08	(0.92)

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

for S. P. Sarda & Co.

Chartered Accountants

ICAI Firm's Registration No. : 323054E

for and on Behalf of the Board of Directors

Ankit Agarwal
(Partner)
Membership No : 305132

Ravi Pandya
(Managing Director)
DIN: 09509086

Priya Singh
(Company Secretary)

Place : Kolkata
Date : 29/09/2023
UDIN: 23305132BGUAEQ5831

Chetan Ojha
(Additional Director)
DIN: 09706197

Dharmesh Vimalkumar Tripathi
(Chief Financial Officer)

Yarn Syndicate Limited
Restated Statement of Cash Flows

Particulars	Rs in '000	Rs in '000	Rs in '000
	As on Year ended 31.03.2023	As on Year ended 31.03.2022	As on Year ended 31.03.2021
A CASH FLOW FROM OPERATING ACTIVITIES:			
Profit for the year	(1,607)	4,033	(1,888)
Adjustment to reconcile net profit to net cash provided by Operational Activities			
Depreciation	-	-	-
Interest expense	-	-	0
Interest income	-	(174)	-
Gain on Mutual Fund	-	-	-
Provision / Bad Debts/ Sundry Bal. W/ back	-	-	-
Prior Period Income	-	-	-
Bad Debts W/off	-	-	-
Profit on disposal of property plant and equipment	(294)	-	-
	(1,900)	3,859	(1,888)
Changes in Assets & Liabilities:			
Trade Receivables	-	-	-
Other Financial Assets	-	-	-
Other Current Assets	2962	(952)	800
Trade payables	(16)	38	(39)
Long Term Provisions	-	-	101
Other Current Liabilities	127	(36)	174
CASH GENERATED FROM OPERATIONS	1,173	2,910	(851)
Direct Taxes Paid:	0	-	-
NET CASH GENERATED BY OPERATIONS (A)	1,173	2,910	(851)
B CASH FLOW FROM INVESTING ACTIVITIES:			
Proceeds from disposal of property, plant and equipments	400	-	-
Loan & Inter coporate Deposits:	-	-	-
Investments	-	-	-
Gain on Mutual Fund	-	-	-
Interest income	-	174	-
NET CASH GENERATED / (USED) IN INVESTING ACTIVITIES (B)	400	174	-
C CASH FLOW FROM FINANCING ACTIVITIES:			
Long Term Borrowings repaid	-	-	-
Short Term Borrowings:	(1,177)	(3,136)	848
Interest expense	-	(0)	(0)
Interest income	-	-	-
NET CASH GENERATED / (USED) IN FINANCING ACTIVITIES (C)	(1,177)	(3,137)	848
NET DECREASE IN CASH AND CASH EQUIVALENT (A+B+C)	397	(53)	(3)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	466	519	523
CASH AND CASH EQUIVALENT AS PER NOTE 5	863	466	519

Note:- The above cash flow statement has been prepared in under the indirect method as set out in the Indian Accounting Standard-7 on Cash Flow

This is the Cash flow statement referred to in our report of even date attached.

for **S. P Sarda & Co.**

Chartered Accountants

ICAI Firm's Registration No. : 323054E

for and on Behalf of the Board of Directors

Ankit Agarwal
(Partner)
Membership No : 305132

Ravi Pandya
(Managing Director)
DIN: 09509086

Priya Singh
(Company Secretary)

Date: 29/09/2023
Place: Kolkata
UDIN: 23305132BGUAEQ5831

Chetan Ojha
(Additional Director)
DIN: 09706197

Dharmesh Vimalkumar Tripathi
(Chief Financial Officer)

1. Company overview

Yarn Syndicate Limited (the 'Company') is a public limited company domiciled in India and has its registered office at 86/2/4 S. N Banerjee Road, 1st Floor, Flat No. 2, Kolkata 700014. Its equity shares are listed on BSE stock exchange in India. The Company is engaged in trading and export of yarn.

2A. Basis of preparation of financial statements

The Restated Standalone Financial Information of the Company comprises of the Restated Standalone Statements of Assets and Liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021 and the Restated Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Restated Standalone Statement of Changes in Equity and the Restated Standalone Statement of Cash flows the year ended March 31, 2023, March 31, 2022 and March 31, 2021, the Basis for Preparation and Significant Accounting Policies and the Statement of Notes to the Restated Standalone Financial Information (hereinafter collectively referred to as 'Restated Standalone Financial Information').

The Restated Standalone Financial Information has been prepared by the Management of the Company for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ('SEBI') in connection with proposed Initial Public Offering of its equity shares, in accordance with the requirements of:

- Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act").
- Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; and
- The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

Basis of measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS.

Fair value measurement

A number of company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The company has established policies and procedures with respect to the measurement of fair values. The chief financial officer and the persons entrusted have overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values and assessments that these valuations meet the requirements of IND AS.

2B. Significant accounting policies

The Company has applied the following accounting policies to all periods presented in the Ind AS financial statements.

a. Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

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

All other assets are classified as non-current.

A 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 twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current only.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

b. 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, net of discounts, volume rebates, outgoing sales taxes and other indirect taxes excluding excise duty. Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty. Ind As 115, "Revenue from Contracts with customers" has been considered wherever applicable.

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

Sale of goods

Revenue from the sale of goods is recognized when all significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery. 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. Export benefits are accounted on recognition of export sales.

Interest income

Interest income is included in other income in the statement of profit and loss. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate when there is a reasonable certainty as to realization.

c. Property, plant and equipment and Intangible Assets

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-

refundable purchase taxes, attributable borrowing cost and any other directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the present value of the expected cost for the decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to the statements of profit and loss in the period in which the costs are incurred. Major inspection and overhaul expenditure is capitalized if the recognition criteria are met.

Depreciation:

Depreciation is provided on WDV basis for property, plant and equipment so as to expense the depreciable amount as per schedule II of the companies act 2013.

Depreciation on additions to assets during the year valuing upto Rs. 5,000/- are fully depreciated in the year of acquisition.

When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of accounts and resultant profit or loss, if any, is reflected in the statement of Profit & Loss.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost.

e. Foreign currencies

In the financial statements of the Company, transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined. All exchange differences are included in the statement of profit and loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognized in other comprehensive income.

f. Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related.

g. Taxes

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognized for all taxable temporary differences, except when it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

The carrying amount of deferred tax assets as on the last date of preceding financial year has been written off in the current financial year due to uncertainty of its utilization because of current underlying business circumstances.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized either in other comprehensive income or in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Leases

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.

For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contains lease on the basis of facts and circumstances existing on the date of transition.

j. Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition is accounted for as follows:

>Stock-in-trade: These are valued at lower of cost or net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Obsolete inventories are identified and written down to net realizable value. Slow moving and defective inventories are identified and provided to net realizable value.

k. Impairment

Fixed assets are reviewed at each balance sheet date for impairment. In case events and circumstances indicate any impairment, recoverable amount of fixed assets is determined. An impairment loss is recognized wherever the carrying amount of the asset either belonging to Cash Generating Unit (CGU) or otherwise exceeds recoverable amount. The recoverable amount is the greater of assets net selling price or its value in use. In assessing the value in use, the estimated future cash flow from the use of assets is discounted to their present value at appropriate rate. An impairment loss is reversed if there has been change in the recoverable amount and the loss no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective asset, which in case of CGU are allocated to assets on a prorated basis.

l. Investments

Long term investments are stated at cost less provision for diminution in value other than temporary, if any. Current investments are valued at lower of cost and fair value determined on an individual investment basis.

m. Employee Benefits:

Defined benefit plan: The Company pays gratuity to the employees who have completed five years of service with the Company at the time of resignation/superannuation.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income. Re-measurement recognized in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss.

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

The defined benefit obligation recognized in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Defined contribution plan: Payments to defined contribution plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The eligible employees of the Company are entitled to receive benefits in respect of provident fund, for which both the employees and the Company make monthly contributions at a specified percentage of the covered employees' salary. The contributions as specified under the law are made to the Government Provident Fund monthly.

Short-term employee benefits: A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave in the period the related service is rendered. Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

n. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that

reflects current market assessment of time value of money and, where appropriate, the risk specific to the liability. Unwinding of the discount is recognized in the Statement of Profit and Loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognized in financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and is recognized.

o. Cash and cash equivalent:

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

p. Earnings per Share:

The basic Earnings per Share (“EPS”) are computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit/(loss) after tax for the year attributable to the equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

q. Non-adjustment Items:

No Audit qualifications for the respective periods which require any corrective adjustment in these Restated Financial Statements of the Company have been pointed out during the restated period.

r. Material Regroupings:

Appropriate adjustments have been made in the restated summary statements of Assets and Liabilities Profits and Losses and Cash flows wherever required by reclassification of the corresponding items of income expenses assets and liabilities in order to bring them in line with the requirements of the SEBI Regulations.

s. Material Adjustments in Restated Profit & Loss Account:

(Rs. In thousands)

Particulars	For the Period Ended		
	31-03-2023	31-03-2022	31-03-2021
Profit After Tax as per Books of Accounts	-1607	4033	-3463
Adjustment for provision of Depreciation	-	-	
Adjustment for provision of Income	-	-	

Tax			
Adjustment for provision of Deferred Tax	-	-	
Profit After Tax as per Restated	-1607	4033	-3463

Yarn Syndicate Limited
Rs in Thousands

Particulars	Other Equity										Total Equity attributable to Equity holders
	Equity Share Capital	Reserves and Surplus					Items of OCI				
		Capital Reserve	Securities Premium Account	Fixed Assets Revaluation Reserve	General Reserve	Retained earnings	Debt Instruments through OCI	Equity instruments through OCI	Effective portion of Cash Flow hedges	FVTOCI reserve	
As at 1 April 2020	37,500	-	43,750	-	-	(84,426)	-	-	-	-	(3,176)
Profit for the year	-	-	-	-	-	(3,464)	-	-	-	-	(3,464)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	37,500	-	43,750	-	-	(87,889)	-	-	-	-	(6,639)
Dividends	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2021	37,500	-	43,750	-	-	(87,889)	-	-	-	-	(6,639)
As at 1 April 2021	37,500	-	43,750	-	-	(87,889)	-	-	-	-	(6,639)
Profit for the year	-	-	-	-	-	4,033	-	-	-	-	4,033
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	37,500	-	43,750	-	-	(83,856)	-	-	-	-	(2,606)
Dividends	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2022	37,500	-	43,750	-	-	(83,856)	-	-	-	-	(2,606)
As at 1 April 2022	37,500	-	43,750	-	-	(83,856)	-	-	-	-	(2,606)
Profit for the year	-	-	-	-	-	(1,607)	-	-	-	-	(1,607)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	37,500	-	43,750	-	-	(85,463)	-	-	-	-	(4,213)
Dividends	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-
Any other change (to be specified)	-	-	-	-	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-
As at 31st March 2023	37,500	-	43,750	-	-	(85,463)	-	-	-	-	(4,213)

Yarn Syndicate Limited 3: Property plant and equipment And Intangible Assets
Restated Notes to the financial statements
Rs in Thousands

Carrying amounts of:	As at 31st March 2023	As at 31st March 2022	As at 31st March 2021
Freehold Land	558	558	558
Building	62	62	62
Computer	1	1	1
Vehicles	-	106	106
Total	621	727	727

1) The title deed of Immovable Property is held in the name of the Company.

2) No depreciation has been provided for on depreciable fixed assets, i.e. computer and vehicles as the same are being carried at salvage value of 5%.

3: Property, Plant and Equipment And Intangible Assets

Cost	Freehold Land	Buildings	Computer	Vehicles	Total
Balance at 1 April 2020	558	62	260	11,234	12,114
Additions / Adjustment	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 March 2021	558	62	260	11,234	12,114
Balance at 1 April 2021	558	62	260	11,234	12,114
Additions / Adjustment	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31 March 2022	558	62	260	11,234	12,114
Additions / Adjustment	-	-	-	-	-
Disposals	-	-	-	-	-
Balance at 31st March 2023	558	62	260	11,234	12,114

Accumulated depreciation and impairment	Freehold Land	Buildings	Computer	Vehicles	Total
Balance at 31 March 2020	-	-	259	11,128	11,387
Depreciation expense	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-
Balance at 31 March 2021	-	-	259	11,128	11,387
Depreciation expense	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-
Balance at 31 March 2022	-	-	259	11,128	11,387
Depreciation expense for the year	-	-	-	-	-
Eliminated on disposal of assets	-	-	-	-	-
Others	-	-	-	-	-
Balance at 31 March 2023	-	-	259	11,128	11,387

Carrying amount	Freehold Land	Buildings	Computer	Vehicles	Total
Balance at 31 March 2020	558	62	1	106	727
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-
Balance at 31 March 2021	558	62	1	106	727
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Depreciation expense	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	-	-	-
Balance at 31 March 2022	558	62	1	106	727
Additions	-	-	-	-	-
Disposals	-	-	-	106	106
Depreciation expense	-	-	-	-	-
Balance at 31 March 2023	558	62	1	0	621

4: Trade receivables	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
Unsecured			
Considered good	-	-	-
Considered Doubtful	14,501	14,501	14,501
Credit Impaired	-	-	-
	14,501	14,501	14,501
Less: Doubtful Receivables	14,501	14,501	14,501
Total	-	-	-

Trade Receivables ageing schedule:

Particulars	Outstanding for following periods from due date of payment				
	Less Than 6 Months	6 Months- 1 Year	1- 2 Years	2- 3 Years	More Than 3 Years
(i) Undisputed Trade receivables – considered good					
(ii) Undisputed Trade Receivables – considered doubtful					14,501

(iii) Disputed Trade Receivables considered good	Restated Notes to the financial statements				
(iv) Disputed Trade Receivables considered doubtful					

Trade Receivables ageing schedule:

Particulars	Outstanding for following periods from due date of payment				
	Less Than 6 Months	6 Months- 1 Year	1- 2 Years	2- 3 Years	More Than 3 Years
(i) Undisputed Trade receivables – considered good					
(ii) Undisputed Trade Receivables – considered doubtful					14,501
(iii) Disputed Trade Receivables considered good					
(iv) Disputed Trade Receivables considered doubtful					

Trade Receivables ageing schedule:

Particulars	Outstanding for following periods from due date of payment				
	Less Than 6 Months	6 Months- 1 Year	1- 2 Years	2- 3 Years	More Than 3 Years
(i) Undisputed Trade receivables – considered good					
(ii) Undisputed Trade Receivables – considered doubtful					14,501
(iii) Disputed Trade Receivables considered good					
(iv) Disputed Trade Receivables considered doubtful					

Footnotes:

- i) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Further, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.
- ii) The credit period ranges within 30 days to 90 days.

5: Cash and cash equivalents	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
a. Balances with banks in current accounts	477	101	138
b. Cash on hand	386	365	381
Total cash and cash equivalents as per Balance Sheet	863	466	519
Bank overdrafts and cash credit facility (secured)			
Total cash and cash equivalents as per Statement of Cash Flows	863	466	519

1) Bank Statement for Indian Bank, Chennai having balance of INR 6.38 ('000) could not be available due to account being dormant.

Non cash transactions

During the current year, the Company has not entered into any non cash transaction.

6: Other Financial Assets	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
Current			
Security Deposits	120	120	120
Total	120	120	120

7: Other Current assets	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
(Unsecured Considered good unless otherwise stated)			
Advance to vendors	136	212	2,212
Other Advances Recoverable	-	2,952	5,209
Less: Provision for Doubtful Advances	-	-	(5,209)
Gst Input	66	-	-
Total	202	3,164	2,212

The Loans and Advances are not granted to promoters, directors, KMPs and the related parties either severally or jointly with any other person.

8: Equity Share capital	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
Equity share capital			
Authorised share capital :			
5,000,000 Equity Shares of Rs 10/- each with voting rights	50,000	50,000	50,000
	50,000	50,000	50,000
Issued, subscribed and fully paid up equity capital:			
Issued shares			
3,750,000 (31st March 2023: 3,750,000; 01st April 2022: 3,750,000) Equity Shares of Rs 10/- each with voting rights	37,500	37,500	37,500

Yarn Syndicate Limited		37,500	37,500	37,500
As on 31.03.2023	Restated Notes to the financial statements	37,500	37,500	37,500
	Less: Reclassified to Reserves (at amortised cost)	-	-	-
		37,500	37,500	37,500

Footnotes:

a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:

Equity shares	Number of shares	Number of shares
Balance at 1 April 2020	3,750,000	3,750,000
<u>Movements</u>		
Balance at 31 March 2021	3,750,000	3,750,000
Balance at 1 April 2021	3,750,000	3,750,000
<u>Movements</u>		
Balance at 31 March 2022	3,750,000	3,750,000
Balance at 1 April 2022	3,750,000	3,750,000
<u>Movements</u>	-	-
Balance at 31 March 2023	3,750,000	3,750,000

b) Details of shares held by each shareholder holding more than 5% shares in the Company:

Equity shares	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
Mrs Sheela Patodia			
Number Of Shares	513,546	1,313,546	1,302,802
Total	513,546	1,313,546	1,302,802
Mr Ravi Niranjn Pandya			
Number Of Shares	800,000	-	-
Total	800,000	-	-
Mr Devendr Singh			
Number Of Shares	334,850	-	-
Total	334,850	-	-
Mr Jaimin Kailash Gupta			
Number Of Shares	302,686	-	-
Total	302,686	-	-
Mr Devi Singh			
Number Of Shares	215,500	-	-
Total	215,500	-	-

- 9.1 As per records of the Company as at 31 March 2023 no calls remain unpaid by the directors and officers of the Company.
9.2 Rights preference and restrictions attached to the class of shares.
9.3 Mr. Rishiraj Patodia and YS Exports Limited held 215500 and 994950 shares respectively as at end of March, 2021.

A) Equity Shares

Each equity shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors 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) Shareholding of Promoters as below:

Shares held by promoters at the end of the year				% Change during the year
Sl No.	Promoter's name	No. of Shares	% of total shares	
1	Mrs Sheela Patodia	513,546	13.69	60.90%
2	Mr Rishiraj Patodia	-	0.00	100%
3	Y S Exports Limited	100	0.00	99.99%
4	Anuj Patodia	2,400	0.06	0
5	Indu Chandrakishore	627	0.02	0
6	Jayanti Dalmia	-	0.00	100%
7	Manoj Kumar Patodia	-	0.00	100%
8	Nandita Patodia	-	0.00	100%
9	Ravi Niranjn Pandya	800,000	21.33	100%

Note: The shareholding of the company has been transferred to another promoter group due to sale of majority shares of the company following the SEBI guidelines. Mr. K Chhabria is no more in continuation of Board of Directors and Mr. Nandish Shaileshbhai Jani has been included in the Board of Directors.

9: Provisions	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
Non Current			
Employee benefits (See note below)			
Gratuity	873	873	873
Total	873	873	873

10. Short term borrowings	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
Unsecured -at amortised cost			
Loans from Related Parties	2,470	3646	5837
Loans from Body Corporate and others	1,853	1854	2800
Total	4,323	5500	8636

Footnotes: The above loans are interest free loans & are repayable on demand.

Yarn Syndicate Limited			
Restated Notes to the financial statements			
11 : Trade and other payables	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
(i) Total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	268	283	245
Other payables	-	-	-
Total	268	283	245

Footnotes:

- (i) The average credit period on purchases of goods and services are within 90 days. The trade and other payables are non interest bearing.
(ii) There are no micro, small and medium enterprises identified to whom payment is due.

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others	167			101	268
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others	183		100		283
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME					
(ii) Others			245		245
(iii) Disputed dues – MSME					
(iv) Disputed dues - Others					

12: Other current liabilities			
	As on 31st March 2023	As on 31st March 2022	As on 31st March 2021
Others	554	427	462
Total	554	427	462

13: Other Income			
	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
a) Other Non- Operating Income			
Misc. Receipts	-	7	25
Provision no longer required written back	-	5,209	-
Interest Income	-	174	-
Prior Period Income	-	569	-
b) Other Gains			
Profit on Disposal of Property, Plant and Equipment	294	-	-
Total	294	5,959	25

14: Employee benefits expense			
	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
Salaries, Wages and Bonus	523	453	523
Contribution to Provident and Other Funds (refer note 25)	61	66	154
Total	584	519	677

15: Depreciation and Ammortisation Expense			
	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
Depreciation (refer note 3)	-	-	-
Total	-	-	-

No depreciation has been provided for on depreciable fixed assets, i.e. computer and vehicles as the same are being carried at salvage value of 5%.

16: Other expenses			
	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
Rates and taxes	-	13	11
Electricity Charges	9	3	4
Rent	338	312	286
Legal and professional fees	273	335	374
Repairs and maintenance of others	40	19	17
Telephone Expenses	22	11	9
Charity & Donations	4	4	-
Travelling and Conveyance Expenses	41	38	25
Audit fee			
For Statutory Audit	60	60	60
For Other Matters	50	59	39
Listing fees/Annual Fees	339	389	346

Printing & Stationery	Yarn Syndicate Limited	18	10	-
Filing Fees	Restated Notes to the financial statements	39	29	3
Advertisement	Rs in Thousands	34	33	32
Others		50	93	31
Total		1,317	1,407	1,235

17. Ratio Analysis:

Ratios	Numerator	As on 31st March 2023	As on 31st March 2022	% Variance	Reason for variance
Current Ratio	Current Assets/Current Liabilities	0.23	0.60	-61.87%	Due to realisation of loans.
Debt Equity Ratio	Total Debt/Shareholder's Equity	-1.03	-2.11	-51.36%	Due to current year loss.
Debt Service Coverage Ratio	Earnings available for debt services/(Interest+Installments)	0.00	0.00	N/A	N/A
Return on Equity Ratio	(Net Profit after taxes-Preference Dividend(if any))/Shareholder's Equity	38%	-155%	192.89%	Due to current year loss.
Inventory Turnover Ratio	Cost of Goods Sold/Average Inventory	0.00	0.00	N/A	N/A
Trade Receivables Turnover Ratio	Net Credit Sales/Average Trade Receivables	0.00	0.00	N/A	N/A
Trade Payables Turnover Ratio	Net Credit purchases/Average Trade Payables	0.00	0.00	N/A	N/A
Net Capital Turnover Ratio	Net Sales/Net Assets	0.00	0.00	N/A	N/A
Net Profit Ratio	Net Profit/Sales*100	0.00	0.00	N/A	N/A
Return on Capital Employed	EBIT (1-tax rate) / Capital employed*100	38%	-155%	192.89%	Due to current year loss.
Return on Investment	Net Profit after tax/ Investments*100	0.00	0.00	N/A	N/A

Ratios	Numerator	As on 31st March 2022	As on 31st March 2021	% Variance	Reason for variance
Current Ratio	Current Assets/Current Liabilities	0.60	0.31	98.00%	Due to realisation of loans.
Debt Equity Ratio	Total Debt/Shareholder's Equity	-2.11	-1.30	662.00%	Due to this year profit.
Debt Service Coverage Ratio	Earnings available for debt	0.00	0.00	N/A	N/A
Return on Equity Ratio	(Net Profit after taxes-Preference Dividend(if any))/Shareholder's Equity	-155%	52%	-207.00%	Due to this year profit.
Inventory Turnover Ratio	Cost of Goods Sold/Average Inventory	0.00	0.00	N/A	N/A
Trade Receivables Turnover Ratio	Net Credit Sales/Average Trade	0.00	0.00	N/A	N/A
Trade Payables Turnover Ratio	Net Credit purchases/Average Trade	0.00	0.00	N/A	N/A
Net Capital Turnover Ratio	Net Sales/Net Assets	0.00	0.00	N/A	N/A
Net Profit Ratio	Net Profit/Sales*100	0.00	0.00	N/A	N/A
Return on Capital	EBIT (1-tax rate) / Capital employed*100	-155%	28%	-183.00%	Due to this year profit.
Return on Investment	Net Profit after tax/ Investments*100	0.00	0.00	N/A	N/A

18: Earnings per share

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
Basic earnings per share (in `)	(0.43)	1	(1)
Diluted earnings per share (in `)	(0.43)	1	(1)

Basic /Diluted earnings per share

The earnings and weighted average number of equity share used in the calculations of basic/diluted earnings per share are as follows:

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
Profit after tax	(1,607)	4,033	(3,464)
Dividend including dividend distribution tax on CCPS			
Profit for the year used in the calculation of basic earnings per share	(1,607)	4,033	(3,464)
Profit for the year used in the calculation of diluted earnings per share	(1,607)	4,033	(3,464)

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
Weighted average number of equity shares for basic earnings per share	3,750	3,750	3,750
Weighted average number of equity shares for diluted earnings per share	3,750	3,750	3,750

19. Contingent Liabilities & Contingent Assets and Commitments

The Company does not have any Contingent Liabilities

NIL

NIL

NIL

& Contingent Assets and Commitments at the Balance Sheet date

20. Employee Benefits

A) Contributions to Defined Contribution plan recognised as expenses for the year are as under:

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
Employer's Contribution to Provident Fund:	50	54	44

B) The disclosure as per the Indian Accounting Standard 19 (Ind AS 19) "Employee Benefits" are given below:

I. Gratuity Plan

The Company has defined benefit plan comprising of gratuity. The present value of obligation is determined on the basis of Actuarial valuation using the Projected Unit Credit (PUC) actuarial method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
a) Change in the Present Value of the defined benefit Obligation during the year:			
1. Present Value of the Obligation at the beginning:	1,210	1,362	1,294
2. Interest Cost:	86	94	91
3. Current Service Cost:	65	65	65
4. Benefit Paid:	(78)	-	69
5. Actuarial (Gain)/ Loss on the Obligation:	(15)	(311)	(19)
Present Value of defined Benefit Obligation at the end of the year:	1,268	1,210	1,363

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
b) Change in the Fair Value of Plan Assets during the Year:			
1. Fair Value of Plan Assets at the beginning:	524	489	522
2. Expected Return on Plan Assets:	36	35	35
3. Employer's Contribution:	34	34	35
4. Benefit Paid:	(78)	-	69
5. Actuarial Gain/(Loss) on the Plan Assets:	(35)	(34)	(34)
Fair Value of Plan Assets as at the end of the year:	480	524	489

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
c) Reconciliation of Present value of Defined Benefit Obligation and the Fair Value of Assets			
1. Present Value of Defined Benefit Obligation:	1,268	1,210	1,363
2. Fair Value of Plan Assets:	480	524	489
Net Asset/(Liability) recognised in the Balance Sheet:	(788)	(686)	(873)

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
d) Expenses recognised in the statement of Profit & loss:			
1. Current Service Cost:	65	65	65
2. Interest Cost:	86	94	91
3. Expected Return on Plan Assets:	(36)	(35)	(35)
4. Net Actuarial (Gain)/Loss recognised in the Period:	20	(277)	15
Expenses recognised in the statement of Profit & loss:	135	(153)	136

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
e) Actuarial Assumptions:			
1. Discount Rate:	7.40%	7.10%	6.90%
2. Salary Growth Rate:	6.00%	6.00%	6.00%
3. Expected rate of return on Plan Assets:	7.40%	7.10%	6.90%

Particulars	For the period Ended 31.03.2023	For the period Ended 31.03.2022	For the period Ended 31.03.2021
f) Maturity Profile of the defined benefit obligation :			
1. Amount due within One year (Current Liability):	1,041	992	1,119
2. Amount due over One Year (Non Current Liability):	227	219	243
Total Expected payments:	1,268	1,210	1,363

g) Risk Analysis:

Company is exposed to a number of risk in the defined benefit plans. Most significant risk pertaining to defined benefit plans and management's estimation of the impact of these risk's are as follows:

i) Interest Risk

A decrease in the interest risk on Plan Assets will increase the plan Liability.

ii) Longevity Risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the Mortality of plan participants both during and at the end of the

iii) Salary Growth Risk:

The Present value of the defined benefit plan liability is calculated by reference to the future salaries of Plan participants. An increase in the salary of the plan participants will increase the plan liability.

iv) Investment Risk:

The Present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on Government Bonds.

21: Segment Reporting

An Operating Segment is component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is engaged in the business of exporting yarn and fabric and any other activities incidental thereto. Board of Directors are Chief Operating Decision Maker (CODM) of the Company. Further, there are no export sales and hence there is no reportable secondary segment. Accordingly, these financial statements are not reflective of the information required under Ind AS 108.

22 : Fair Value measurement

Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring)

Particulars	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets						
Financial assets carried at amortised cost						
(a) Cash and bank balances	863.08	863.08	466.01	466.01	518.80	518.80
Financial liabilities						
Financial liabilities at amortised cost						
(a) Borrowings	4323.48	4323.48	5500.08	5500.08	8636.48	8636.48

Note:

The carrying values of financial assets and liabilities represent their approximate fair value.

23: Financial Instruments

i) Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through optimisation of debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in note 10 and 12 offset by cash and bank balances) and total equity of the Company.

The Company uses net debt equity ratio as a capital management index and calculates the ratio as total liabilities divided by total equity. Total liabilities and total equity are based on the amounts stated in the separate financial statements.

Net debt-to-equity ratio as of 31st March 2023

	31st March 2023	31st March 2022	31st March 2021
Short Term Borrowings	4323.48	5500.08	8636.48
Gross Debt : (A)	4323.48	5500.08	8636.48
Less: Cash & Bank Balance	863.08	466.01	518.80
Net Debt: (B)	3460.40	5034.07	8117.68
Total Equity	-4212.60	-2606.00	-6639.29
Net Debt to Equity Ratio	-82.14%	-193.17%	-122.27%

ii) Categories of financial instruments

Particulars	For the Year ended 31st March 2023	For the Year ended 31st March 2022	For the Year ended 31st March 2021
Financial assets			
Measured at amortised cost			
(a) Cash and bank balances	863.08	466.01	518.80
Measured at FVTOCI			
(a) Investment in equity instruments designated upon initial recognition	-	-	-
Financial liabilities			
Measured at amortised cost			
(a) Borrowings	4323.48	5,500.08	8,636.48
Measured at FVTPL			
Other financial liabilities	-	-	-

24: Financial risk management objectives and policies Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the Risk Management Committee (RMC) which is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and control and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's activities expose it to market risk, liquidity risk and credit risk which are measured, monitored and managed to abide by the principles of risk management.

i) Credit Risk

Credit risk arises when a customer defaults on its contractual obligations to pay resulting in financial loss to the Company. The Company has adopted a policy of categorising the customers based on the performance and accordingly credit limit ceiling of each category is defined. The Company's exposure and categorisation of its customers are continuously monitored. Credit exposure is controlled by customer credit limits which are reviewed and approved.

The Company applies the simplified approach to providing for expected credit losses prescribed by Ind AS 109, which permits the use of the lifetime expected loss provision for all trade receivables. There is no change in estimation techniques or significant assumptions during the reporting period.

ii) Liquidity Risk**Liquidity risk management**

The board of directors has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

iii) Interest Rate Risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company has no interest bearing liabilities as on the balance sheet date.

Derivative Financial Instruments

The Company holds no derivative financial instrument as on the reporting Date. Hence the company is not exposed to the said risk.

25: Leases

The Company assesses whether a contract contains a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset; (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease, and (iii) the Group has the right to direct the use of the asset.

As on April 1, 2023 the Company does not have any existing lease which are required to be recognized as right-of-use (ROU) Asset and a corresponding Lease liability.

26: The figures for the previous year have been regrouped/reclassified to correspond with the current year's classification/disclosures that include changes consequent to the issuance of "Guidance Note on Division II - Ind AS Schedule III to the companies Act 2013".

"27" Related Party Disclosures under IND AS 24

Related Parties/Nature of Relationship:

Key Managerial Persons

Sheela Patodia	Managing Director
Sri Rishi Raj Patodia	Joint Managing Director
Y S Exports Ltd	enterprise where KMP holds Significant influence
R.K. Patodia (HUF)	Relative

Nature of Transaction	(Rs. In 000)		
	For the Year ended 31st March 2023	For the Year ended 31st March 2022	For the Year ended 31st March 2021
Sheela Patodia			
Loan taken	1,175	1,171	713
Loan Repaid	2,144	2,000	-
Outstanding Loan taken	1,135	2,105	2,934
Rishiraj Patodia			
Loan taken	723	692	656
Loan Repaid	884	3,000	521
Outstanding Loan taken	434	595	2,903
Y S Exports			
Loan taken	431	-	-
Loan Repaid	476	-	-
Outstanding Loan taken	18	63	63
R. K. Patodia (HUF)			
Outstanding Loan taken	884	884	-

As per our report of even date attached.

for and on Behalf of the Board of Directors

for S. P. Sarda & Co.

Chartered Accountants

ICAI Firm's Registration No. : 323054E

Ankit Agarwal

(Partner)

Membership No : 305132

UDIN: 23305132BG

Place : Kolkata Date : 29/09/2023

DIN: 09509086

Chetan Ojha
(Additional Director)

DIN: 09706197

Ravi Pandya
(Managing Director)

Priya Singh
(Company Secretary)

Dharmesh Vimalkumar Tripathi
(Chief Financial Officer)

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at 31st March, 2023, on the basis of Audited Financial Statements:

	(Rs. in Lakhs)	
Particulars	Pre-Offer as at 31/03/2023	As adjusted for the Offer*
Debt:		
Current borrowings (A)	43.23	[●]
Non-Current borrowings (including Current Maturity) (B)	0.00	[●]
Total Debt (C = A + B)	43.23	[●]
Equity:		
Equity Share capital (D)	375.00	[●]
Other Equity (E)	(417.13)	[●]**
Total Equity (F=D+E)	(42.13)	[●]
Non-Current borrowings (including current maturity) / Total Equity (B / F)	N.A.	[●]
Total Debt / Total Equity (C / F)	(1.03)	[●]

*Assuming full subscription of the Issue and receipt of all calls money with respect to partly paid equity shares and to be updated at the time of finalization of Letter of Offer

**Not adjusted for Issue related expenses

***The figures for the respective financial statements line items under "As adjusted for the Issue" column have been derived after considering the impact due to proposed rights issue of Equity Shares.

A. Overview of the Global Economy:

The global yarn industry has been experiencing steady growth over the years. According to industry reports, the global yarn market was valued at around \$11 billion in 2020 and is projected to reach approximately \$14 billion by 2025, growing at a compound annual growth rate (CAGR) of around 4% during the forecast period. Asia-Pacific dominates the global yarn industry, accounting for the largest market share. Countries like China, India, and Bangladesh are major producers and exporters of yarn. The region's dominance can be attributed to its low labor costs, abundant raw material availability, and significant textile manufacturing capacity. Other significant yarn-producing regions include North America, Europe, and South America. The yarn industry faces challenges such as intense competition, price volatility of raw materials, rising labor costs, and stringent regulatory standards related to environmental compliance. Additionally, the COVID-19 pandemic has disrupted global supply chains and had a significant impact on the industry, leading to reduced demand and production slowdowns.

B. Overview of the Indian Economy:

The domestic trading market for yarn is a significant sector for our company. It involves exporting yarn products manufactured in our facilities to various domestic trading partners. This market plays a crucial role in our revenue generation and overall growth strategy. The domestic market for yarn trading offers several advantages for our business. Firstly, it allows us to leverage our existing manufacturing capabilities and infrastructure, ensuring efficient production and supply chain management. Additionally, the domestic market provides proximity, enabling shorter lead times and reduced transportation costs. Furthermore, by targeting domestic traders, we can tap into the growing demand for high-quality yarn products within our country, which has witnessed a surge in textile manufacturing.

C. Outlook:

During the reporting period, our export of yarn to the domestic trading market witnessed positive growth. We experienced an increase in sales volume, leading to a rise in revenue from this segment. The steady demand for quality yarn products in the domestic market contributed to our success.

D. Industry structure and development:

India is the world's second-largest producer of textiles and garments. It is also the fifth-largest exporter of textiles spanning apparel, home and technical products. The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports. The sector employs around 40 Million workers. The size of India's textile market stood at US\$ 223 Billion in 2021, growing at a CAGR of 10.23% over 2016. Indian textile players have undertaken various initiatives to boost textile sales viz. investment to expand production capacity, using technology to optimize the value chain, leveraging strategic partnerships and strengthen sustainable textiles business. Textile industry has been steadily recovering post pandemic amid increased raw material prices and container shortages.

Under Union Budget 2022-23, the total allocation for the textile sector was 12,382 Crore. Moreover, 10,683 Crore Production-linked Incentive scheme is expected to be a major boost for the textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel and MMF fabrics.

E. Opportunities and Threats:**Opportunities:**

1. **Quality Products:** Our commitment to producing high-quality yarn has helped us maintain a strong position in the domestic trading market. Customers recognize and value the reliability and consistency of our products, which has resulted in increased demand.
2. **Competitive Pricing:** We have strategically priced our yarn products to remain competitive in the domestic trading market. Our ability to offer reasonable pricing without compromising quality has allowed us to attract a wider customer base and gain market share.
3. **Strong Distribution Network:** Our well-established distribution network enables efficient and timely delivery of our yarn products to trading partners across the domestic market. This has helped us maintain customer satisfaction and strengthen our market presence.

4. **Market Research and Development:** Our continuous market research and development efforts have allowed us to identify emerging trends and customer preferences in the domestic market. By aligning our product offerings with these demands, we have managed to stay ahead of the competition.

Threats:

1. **Market Competition:** The domestic trading market for yarn is highly competitive, with several players vying for market share. We continuously monitor competitor activities and adjust our strategies to maintain a competitive edge.
2. **Raw Material Costs:** Fluctuations in raw material prices can impact our profitability. We actively manage our procurement process and explore alternative suppliers to mitigate the risk of sudden price increases.
3. **Regulatory Changes:** Changes in trade policies, tariffs, or regulations related to the yarn industry can affect our export operations. We closely monitor such developments and adapt our business practices accordingly.
4. **Economic Factors:** Economic conditions, both domestically and internationally, can impact the demand for yarn products. We assess economic trends and adjust our production and pricing strategies to optimize performance.

F. Segment-wise or Product-wise performance:

Therefore there is no requirement of Segment wise reporting.

G. Future Outlook:

Looking ahead, we remain optimistic about the prospects of our export of yarn to the domestic trading market. We will focus on the following strategies to sustain growth and capitalize on emerging opportunities:

- Demand for textiles
- Raw material availability and prices
- Technological advancements
- Sustainability and eco-friendly practices
- Global trade and geopolitical factors
- Online Expansion
- Premiumisation and access to global brands
- Further Growth of Private Brands
- Focus on analytics

H. Risks and concerns:

Management recognizes the following principal risks that may influence decisions made by investors given their significant impact on business conditions as stated in the securities report, and among matters pertaining to accounting status, consolidated companies' financial status and business performance, as well as cash flows. Our risk management system addresses the increasingly complex risks that we face in our day-to-day operations. The risk management system conducts risk analysis of economic and social changes and implements preventive measures that are best suit for the Company.

I. Internal control systems and their adequacy:

The company has implemented proper system for safeguarding the operations/business of the company, through which the assets are verified and frauds, errors are reduced and accounts, information connected to it are maintained such, so as to timely completion of the statements.

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information. The company has internal audit and verification at regular intervals.

The requirement of having internal auditor compulsory by statute in case of listed and other classes of companies as prescribed shall further strengthen the internal control measures of company.

H. Discussion on financial performance with respect to operational performance:

The financial performance of the Company for the Financial Year 2022-23 is described in the Directors' Report of the Company.

I. Material developments in Human Resources / Industrial Relations front including number of people employed:

The cordial employer - employee relationship also continued during the year under the review. The Company has continued to give special attention to human resources.

J. Caution Statement:

Statements made in the Management Discussion and Analysis describing the various parts may be "forward looking statement" within the meaning of applicable securities laws and regulations. The actual results may differ from those expectations depending upon the economic conditions, changes in Govt. Regulations and amendments in tax laws and other internal and external factors.

Registered Office:

86/2/4, S N Banerjee Road,
1st Floor, Flat No. 2, Kolkata,
West Bengal - 700 014

Place: Kolkata

Date: 31st July, 2023

By the order of the Board of Yarn Syndicate Limited

Sd/-

Ravi Pandya

Director

DIN: 09509086

Sd/-

Namichand Agrawal

Director

DIN: 01541641

MARKET PRICE INFORMATION

The Equity Shares are listed on the BSE Limited. The Rights Equity Shares will be listed on the Stock Exchange pursuant to this Issue. For further details, please see “*Terms of the Issue*” on page 143 of this Letter of Offer. We have received In-principle Approval for listing of the Rights Equity Shares on the Stock Exchange to be issued pursuant to the Issue from BSE Limited vide letter dated [•]. Our Company will also make application to BSE Limited to obtain the trading approval from the stock exchange for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

For the purpose of this section, unless otherwise specified:

1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case maybe;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of our Equity Shares, for the year, the month, or the week, as the case may be; and
4. 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

- a) The following table sets forth the high, low and average market prices of the Equity Shares recorded on the BSE Limited during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded.

Year	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)	Average price for the year (Rs.)
2021	2.33	6.61	1.72	5.29	1,30,737	604	6,45,575.00	4.17
2022	5.20	42.20	4.33	39.45	14,39,656	5,685	2,62,17,345.00	23.27
2023	37.70	48.00	26.38	37.70	6,73,313	3,823	2,55,28,309.00	37.19

- b) Monthly high and low prices for the six months preceding the date of filing this Letter of Offer with BSE Limited:

Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares	No. of Trades	Total Turnover (Rs.)	Average price for the month (Rs.)
Mar, 2023	42.70	45.55	34.30	34.57	80,571	513	33,11,974.00	39.93
April, 2023	36.29	41.23	28.40	34.03	22,793	332	7,70,374.00	34.82
May, 2023	36.99	40.25	29.50	31.03	21,431	293	7,02,680.00	34.88
June, 2023	34.13	35.97	27.73	31.68	73,812	373	22,77,470.00	31.85
July, 2023	31.80	33.49	26.38	27.75	45,026	253	13,46,596.00	29.94
Aug, 2023	27.50	36.45	27.07	36.45	55,298	211	18,37,065.00	31.76

- c) Total number of days of trading during the preceding six months: Total Number of days traded during 01/03/2023 to 31/08/2023 - 121 days.
- d) Market price of Equity shares immediately after the date on which the resolution of the Board of Directors approving the Issue: The closing market price of the Equity Shares of the Company on BSE Limited, as on 30th September, 2023 (being a day immediately after the date on which resolution of Board of Directors was passed for approving Rights issue) was Rs. 39.75/-.

The Issue Price is Rs. [•] per Rights Equity Share and has been arrived at by our Company prior to the determination of the Record Date.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigations involving our Company whose financial statements are included in the Letter of Offer, either separately or in a consolidated form including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

- *In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, we have considered all pending litigations involving our Company, other than criminal proceedings, statutory or regulatory actions, as 'material';*
- *For the purpose of determining materiality, the threshold shall be determined by the issuer as per requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015*

Unless stated to the contrary, the information provided below is as of the date of this Letter of Offer.

A. LITIGATION INVOLVING THE COMPANY**(a) Criminal proceedings against the Company**

As on the date of this Letter of Offer, there are no outstanding criminal proceedings initiated against the Company.

(b) Criminal proceedings filed by the Company

As on the date of this Letter of Offer, there are no outstanding criminal proceedings initiated by the Company.

(c) Actions by statutory and regulatory authorities against the Company

As on the date of this Letter of Offer, there are no outstanding actions by statutory or regulatory authorities initiated against the Company.

(d) Tax Proceedings

- (i) Direct Tax: - NIL
- (ii) Indirect Tax - NIL

(e) Other pending material litigations against the Company

As on the date of this Letter of Offer, there are no outstanding litigations initiated against the Company, which have been considered material by the Company in accordance with the Materiality Policy.

(f) Other pending material litigations filed by the Company

As on the date of this Letter of Offer, there are no outstanding litigations initiated by the Company, which have been considered material by the Company in accordance with the Materiality Policy.

B. LITIGATIONS INVOLVING THE PROMOTERS & DIRECTORS OF THE COMPANY**(a) Criminal proceedings against the Promoters & Directors of the Company**

As on the date of this Letter of Offer, there are no outstanding criminal proceedings against the Promoters & Directors of the Company.

(b) Criminal proceedings filed by the Promoters & Directors of the Company

As on the date of this Letter of Offer, there are no outstanding criminal proceedings initiated by the Promoters and Directors of the Company.

(c) Actions by statutory and regulatory authorities against the Promoters & Directors of the Company

As on the date of this Letter of Offer, there are no outstanding actions by statutory or regulatory authorities initiated against the Promoters & Directors.

(d) Tax Proceedings:

(i) Direct Tax –

RAVI NIRANJAN PANDYA

A. Y.	Section Code	Date of Demand	Amount	Particulars
2016-2017	143(1)(a)	05-09-2017	1,25,530	No Appeal has been preferred against the Demand. The matter is Pending.

(ii) Indirect Tax – NIL

(e) Other pending material litigations against the Promoters & Directors of the Company

As on the date of this Letter of Offer, there are no outstanding litigations initiated against the Directors, which have been considered material by the Company in accordance with the Materiality Policy.

(f) Other pending material litigations filed by the Promoters & Directors of the Company

As on the date of this Letter of Offer, there are no outstanding litigations initiated by the Directors, which have been considered material by the Company in accordance with the Materiality Policy.

C. LITIGATIONS INVOLVING THE GROUP COMPANIES WHICH CAN HAVE A MATERIAL IMPACT ON OUR COMPANY

(a) Criminal proceedings against our Group Companies

As on the date of this Letter of Offer, there are no outstanding criminal proceedings initiated against our Group Companies.

(b) Criminal proceedings filed by our Group Companies

As on the date of this Letter of Offer, there are no outstanding criminal proceedings initiated by our Group Companies.

(c) Actions by statutory and regulatory authorities against our Group Companies

As on the date of this Letter of Offer, there are no outstanding actions by statutory or regulatory authorities initiated against our Group Companies.

(d) Tax Proceedings

- (i) Direct Tax- NIL
- (ii) Indirect Tax - NIL

(e) Other pending material litigations against our Group Companies

As on the date of this Letter of Offer, there are no outstanding litigations initiated against our Group Companies, which have been considered material by the Company in accordance with the Materiality Policy.

(f) Other pending material litigations filed by our Group Companies

Except as mentioned below, as on the date of this Letter of Offer, there are no outstanding litigations initiated by our Group Companies, which have been considered material by the Company in accordance with the Materiality Policy.

Outstanding Litigations involving the Company or involving any other person or Company whose outcome may have a material adverse effect on the Company's results of operations or financial position.

Except as described above, as on date of this Letter of Offer, there are no outstanding litigations involving the Company, or involving any other person or Company whose outcome may have a material adverse effect on the Company's results of operations or financial position.

There are no litigations or legal actions, pending or taken, by any Ministry or Department of the Government or a statutory authority against our Promoters during the last 5 years.

Pending proceedings initiated against our Company for economic offences.

There are no pending proceedings initiated against our Company for economic offences.

Inquiries, investigations etc. instituted under the Companies Act, 2013 or any previous Companies enactment in the last 5 years against our Company.

There are no inquiries, investigations etc. instituted under the Companies Act or any previous Companies enactment since incorporation against our Company.

Material Fraud against our Company in the last five years

There has been no material fraud committed against our Company since incorporation.

Fines imposed or compounding of offences for default

There are no fines imposed or compounding of offences for default or outstanding defaults.

Non-Payment of Statutory Dues

Except as disclosed in the chapter titled "Financial Statements" beginning on page 107 there are have been no defaults or outstanding defaults in the payment of statutory dues payable under the Employees Provident Funds and Miscellaneous Provisions Act, 1952 and the Employees State Insurance Act, 1948.

Material Developments occurring After Last Balance Sheet Date

Except as disclosed in Chapter titled "Management's Discussion & Analysis Report" beginning on page 129 of this Letter of Offer, there have been no material developments that have occurred after the Last Balance Sheet date.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business (as applicable on date of this Letter of Offer) and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake the Offer and our current/proposed business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to be undertaken in respect of the Offer or to continue our business activities. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. Unless otherwise stated, these approvals are all valid as of the date of this Letter of Offer.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to carry out its activities. The following statement sets out the details of licenses, permissions and approvals taken by us under various central and state laws for carrying out our business.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

The Issue has been authorized by a resolution of Board of Directors of our Company passed at their meeting held on 29th September, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on 29th September, 2023 has approved to issue upto [•] Equity Shares to the Eligible Equity Shareholders on Right Issue basis and then after Rights Issue Committee (authorized by Board) in their meeting held on 29th September, 2023 approved issue of Equity Shares on Rights Issue basis at Rs. [•] per Equity Share, in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares as held by Eligible Equity Shareholders on the Record Date i.e. [•]. The Issue Price of [•] per Equity Share has been arrived at prior to determination of the Record Date i.e. [•].

On application, investors will have to pay Rs. [•] per Rights Equity share which constitutes [•] of the Issue price and the balance Rs. [•] per Rights Equity share which constitutes [•] of the Issue price, will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.

Our Company has received “In-Principle Approval” from BSE Limited vide its letter dated [•] in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in this Issue. Our Company will make application to BSE Limited to obtain its listing and trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

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, see “Terms of the Issue” beginning on page 143 of the Letter of Offer.

Association of our Directors with Securities Market

We confirm that none of our Director(s), Promoter(s) or Promoter Group are associated with the Securities Market in any manner except for trading on day to day basis for the purpose of investment.

Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoter, our Directors and persons in control of our Company have not been prohibited from accessing the Capital Market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Letter of Offer.

Neither our Promoters, nor any of our Director(s) or persons in control of our Company were or are a promoter, director or person in control of any other Company which is debarred from accessing the Capital Market under any order or directions made by the SEBI or any Securities Market Regulator in any other jurisdiction or any other authority/court. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

None of our Directors or Promoter is associated with the Securities Market in any manner.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoter, and Directors have been categorized or identified as wilful defaulters by any Bank or Financial Institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoter 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 Letter of Offer.

Eligibility for the Issue

Our Company is a Listed Company incorporated under the Indian Companies Act, 1913. Our Equity Shares are presently listed on BSE Limited (BSE). Our Company undertakes to make an application to BSE Limited (BSE) for listing of the Rights Equity Shares to be issued pursuant to this Issue.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations, 2018

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, 2018 to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, 2018, our Company undertakes to make an application to the Stock Exchange and has received the “**In-Principle Approval**” vide its letter dated [•] for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE Limited (BSE) is the Designated Stock Exchange for this Issue.

Disclaimer clause of SEBI

This Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is not exceeding Rs. 5,000.00 Lakhs, however this letter of offer will be filed with SEBI for information and dissemination purpose.

Disclaimer from our Company and our Directors

Our Company accept no responsibility for statements made otherwise in the Letter of Offer or in any advertisement or other material issued by our Company or by any other person at the instance of our Company anyone placing reliance on any other source of information would be doing so at his/her own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity shares of our Company, and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

Disclaimer in respect of Jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Kolkata, India only.

Disclaimer clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE Limited. The Disclaimer clause as intimated by BSE Limited to us, post scrutiny of this Letter of Offer is set out below:

“BSE Limited (“**the Exchange**”) has given, vide its letter reference no. [●] dated [●] permission to this Company to use the Exchange’s name in this Letter of Offer as the stock exchange on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or
- (ii) Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

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

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE Limited.

Listing

Our Company will apply to BSE Limited for final approval of 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 Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE’s shall be issued to eligible equity shareholders as on the Record date i.e. [●].

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [●].

The distribution of this Letter of Offer, Abridged Letter of Offer, Application Form, 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 in to whose possession this Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and serve such restrictions. Our Company is making this Issue on a rights basis to the Eligible Public 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 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 Letter of Offer has been filed with BSE and will be submitted to SEBI for information and dissemination.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this 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 Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This 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 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 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 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 LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE 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, LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANYTIME.

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 post marked 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 Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

Our Company 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 in fringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS 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 THERE IN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR IN TO ANY OTHER JURISDICTION AT ANYTIME.

Consents

Consents in writing of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Legal Advisors to the Issue, Advisors to the Issue, Tax Advisors to the Issue, Statutory Auditor of the Company, Bankers to the Company, Registrar to the Company, Registrar to the Issue and the Bankers to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn upto the date of this Letter of Offer.

Expert Opinion

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

Performance vis-a-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 Letter of Offer.

Performance vis-a-vis objects–last issue of listed Subsidiaries or Associates

As of the date of this Letter of Offer, our Company does not have any Subsidiary or Associate Company.

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 132 of this Letter of Offer.

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 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 Letter of Offer has been filed with BSE and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with BSE.

As on the date of this Letter of Offer, there were no outstanding Investor complaints. As mentioned, our Company is registered with the SCORES. Consequently, Investor grievances are tracked online by our Company. The average time taken by the Registrar to the Issue for attending to routine grievances will be within 15 (Fifteen) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

Mechanism for redressal of Investor grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI LODR 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. R&D Infotech 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.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-issue or post-issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photo copy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see "Terms of the Issue" beginning on page 143. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Investor Grievances arising out of this Issue Investors may contact the Registrar to the Issue at:

Registrar to the Issue

CAMEO CORPORATE SERVICES LIMITED

Subramanian Building, 1 Club House Road, Chennai - 600 002

Tel: +91-44-40020700

Email: rights@cameoindia.com

Investor Grievance Email id: investor@cameoindia.com

Website: <https://cameoindia.com/>

Contact Person: Ms. K. Sreepriya

SEBI Registration No: INR000003753

CIN: U67120TN1998PLC041613

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

Ms. Priya Singh is Company Secretary and Compliance Officer of the Company.

TERMS OF THE ISSUE

This section is for the information of the Eligible Equity Shareholders proposing to apply in this Issue. The Eligible Equity Shareholders should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. The Eligible Equity Shareholders are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the Eligible Equity Shareholders proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

The Eligible Equity Shareholders are requested to note that application in this issue can only be made through ASBA facility.

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA alongwith rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, 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.

Important:**1. Dispatch and Availability of Issue Materials**

In accordance with the SEBI ICDR Regulations, SEBI circulars SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 (“**SEBI Rights Issue Circulars**”), our Company will send, only through email, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material to the email addresses of all the Eligible Equity Shareholders who have provided their email address to our Company. This Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their email addresses to our Company. In case email address of any Eligible Equity Shareholder is not available, our Company will make reasonable efforts to dispatch the Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form only to the Indian address, if provided, of such Eligible Equity Shareholder.

Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable laws) on the websites of:

- (i) Our Company at <https://www.yarnsyndicate.in/> ;
- (ii) The Registrar to the Issue at <https://cameoindia.com/>;
- (iii) The Stock Exchanges at www.bseindia.com.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (i.e., <https://cameoindia.com/>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., <https://www.yarnsyndicate.in/>).

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders.

Please note that neither our Company nor the Registrar to the Issue shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the 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 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).

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, and SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 (Collectively hereafter referred to as "**SEBI Rights Issue Circulars**") and SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (Collectively hereafter referred to as "**ASBA Circulars**"), all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 our Company will make use of advertisements etc., including in the form of crawlers / tickers, to disseminate information relating to the Application process in India.

PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Shareholders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Shareholders 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 Renouncees, to make Applications in this Issue, on the basis of 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*" below.

Please note that, one single Application Form shall be used by Shareholders to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Shareholders who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Shareholders will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Shareholders are required to submit a separate Application Form for each demat account.

Shareholders may apply for the 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.

Shareholders are also advised to ensure that the Application Form is correctly filled up stating therein, the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or

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" below. Our Company, the Registrar to the Issue 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, the Eligible Equity Shareholders may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process" below.

Options available to the Eligible Equity Shareholders:

Details of each Eligible Equity Shareholders RE will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at <https://cameoindia.com/> and link of the same would also be available on the website of our Company at <https://www.yarnsyndicate.in/>. Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein. The Eligible Equity Shareholders will have the option to:

- Apply for his Rights Entitlement in full;
- Apply for his Rights Entitlement in part (without renouncing the other part);
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Apply for his Rights Entitlement in part and renounce the other part of the Rights Equity Shares; and
- Renounce his Rights Entitlement in full.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar to the Issue or our Company at least two working days prior to the Issue closing date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in Section Terms of the Issue- ***“Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form”*** and ***“Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner”*** on pages 149 and 168 respectively.

Making of an Application through the ASBA process

A shareholder, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Shareholders desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Shareholders should ensure that they have correctly submitted the Application Form and have provided an authorization to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue 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.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts,. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 P.M. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Applications submitted to anyone other than the Designated Branches of the SCSB or using the optional mechanism are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process” on page 147.

Do's for Shareholders applying through ASBA:

- a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.
- b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Shareholders applying through ASBA:

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Registrar to the Issue, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- d) Do not submit Application Form using third party ASBA account.

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 this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the websites of the Registrar to the Issue and 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 or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be titled 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:

- a) Name of our Company, being Yarn Syndicate Limited;
- b) 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);
- c) Folio Number (in case of Eligible Equity Share holders who hold Equity Shares in physical form as on Record Date)/ DP and Client ID;
- d) 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 this Issue
- e) Number of Equity Shares held as on Record Date;
- f) Allotment option – only dematerialized form;

- g) Number of Equity Shares entitled to;
- h) Number of Equity Shares applied for within the Rights Entitlements;
- i) Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
- j) Total number of Equity Shares applied for;
- k) Total amount paid at the rate of Rs. [•] per Equity Share;
- l) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
- m) 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;
- n) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- o) 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
- p) All such Eligible Equity Shareholders are deemed to have accepted the following:

“I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (“US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (“United States”) or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act (“Regulation S”). I/ we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States.”

“I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor the Registrar or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar or any other person acting on behalf of us have reason to believe is a resident of the United States “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.”

“I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.”

“I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.”

“I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.”

“I/We acknowledge that the Company, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, 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 to the Issue not having any liability to the Investors. The plain paper Application form at will be available on the website of the Registrar to the Issue at <https://cameoindia.com/>.

Our Company and the Registrar to the Issue shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Shareholders' 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 Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. [•] and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar to the Issue or our Company, in the manner provided on the website of the Registrar to the Issue at <https://cameoindia.com/> at least two working days prior to the Issue Closing Date i.e. [•], to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date i.e. [•]. They may also communicate with the Registrar to the Issue with the help of the helpline number at +91-44-40020710/ 0706/ 0741 and email address at rights@cameoindia.com.

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.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two working days prior to the Issue Closing Date, i.e. [•], desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in Section Terms of the Issue-“***Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form***” and “***Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner***” on pages 149 and 168 respectively.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date i.e. [•] and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details, the details of their demat account alongwith copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two working days prior to the Issue Closing Date i.e. [•];
- 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 atleast one day before the Issue Closing Date i.e. [•];
- c) The Eligible Equity Shareholders can access the Application Form from:
 - the website of the Registrar to the Issue at <https://cameoindia.com/>
 - our Company at <https://www.yarnsyndicate.in/> and
 - the Stock Exchange at <https://www.bseindia.com/>.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (i.e., <https://cameoindia.com/>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e. <https://www.yarnsyndicate.in/>);

The Eligible Equity Shareholders shall, who are, (a) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date, and who have not furnished the details of their demat account to the Registrar or our Company at least two working days prior to the Issue Closing Date i.e. [•], may apply in this Issue during the Issue Period, on or before the Issue Closing Date i.e. [•]. Such resident Eligible Equity Shareholders may be required to submit address, email address, contact details, copy of PAN and Client Master List, for verification of their Application.

Further, such resident Eligible Equity Shareholder can:

- (a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;
 - (b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part);
- and

- (c) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE I.E. [•] 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.

For details of credit of the Rights Equity Shares to such resident Eligible Equity Shareholders, see “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on page 168.

Application for Additional Equity Shares

Shareholders are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “Basis of Allotment” mentioned below.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

General instructions for Investors

- (a) Please read the Letter of Offer and Application Form carefully to understand the Application process and applicable settlement process.
- (b) In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two working days prior to the Issue Closing Date i.e. [•], desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in Section Terms of the Issue- “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner*” on pages 149 and 168 respectively.
- (c) Please read the instructions on the Application Form sent to you.
- (d) The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
- (e) Application should be made only through the ASBA facility.
- (f) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected.
- (g) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 147.
- (h) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

- (i) An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
- (j) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, Please note that on the Issue Closing Date i.e. [•], (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (k) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar.
- (l) In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
- (m) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- (n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
- (o) 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.
- (p) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- (q) All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (r) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- (s) Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
- (t) In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.

Do's:

- (a) Ensure that the Application Form and necessary details are filled in.
- (b) Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income-tax Act.
- (c) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("**Demographic Details**") are updated, true and correct, in all respects.
- (d) Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- (a) DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to the Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
- (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 the Letter of Offer.

- (m) Physical Application Forms not duly signed by the sole or joint Investors.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (q) Applicants holding physical shares not submitting the documents. (s) Application from investors who do not hold Rights Entitlement (REs) as on issue closing date in the demat account from which application is submitted.
- (r) Applications supported by amounts blocked from a third party bank account

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 I.E. [•]. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Applications by non-resident Shareholders.

Payment from third party bank accounts.

Multiple Applications

A separate Application can be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Applications shall not be treated as multiple applications. For details, see "***Investment by Mutual Funds***" below on page 156.

In cases where multiple Applications are submitted, including cases where an Investor submits Application Forms along with a plain paper Application or multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected (other than multiple applications submitted by any of the Promoters or members of the Promoter Group to meet the minimum subscription requirements applicable to the Issue as described in ***“Capital Structure” on page 48.***

No separate Application Forms for Rights Equity Shares in physical and/or dematerialized form should be made. If such Application Forms are made, the Application Forms for Rights Equity Shares in physical form the Equity Shares will be treated as multiple Application Forms and is liable to be rejected.

Authority for the Issue

The Issue has been authorized by a resolution of Board of Directors of our Company passed at their meeting held on 29th September, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

Our Board in its meeting held on 29th September, 2023 has approved to issue upto [•] Equity Shares to the Eligible Equity Shareholders on Right Issue basis and then after Rights Issue Committee (authorized by Board) in their meeting held on 29th September, 2023 approved issue of Equity Shares on Rights Issue basis at Rs. [•] per Equity Share, in the ratio of [•] Rights Equity Shares for every [•] Fully Paid-up Equity Shares as held by Eligible Equity Shareholders on the Record Date. The Issue Price of [•] per Equity Share has been arrived at prior to determination of the Record Date.

On application, investors will have to pay Rs. [•] per Rights Equity share which constitutes [•] of the Issue price and the balance Rs. [•] per Rights Equity share which constitutes [•] of the Issue price, will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.

Our Company has received “In-Principle Approval” from BSE Limited vide its letter dated [•] in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be allotted in this Issue. Our Company will make application to BSE Limited to obtain its listing and trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

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, see ***“Terms of the Issue” beginning on page 143 of the Letter of Offer.***

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investors group (which means multiple entities registered as foreign portfolio Shareholders and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or Shareholders group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investors group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investors will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event(i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

1. Such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
2. Prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among otherthings, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. 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 this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCBSBs that are providing ASBA in cities/centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the Investors holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the Investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws and also from NRIs in Restricted Jurisdictions.

NRI may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the Application form meant for resident Indians and shall not use the Application forms meant for reserved category.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian Company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian Company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian Company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate 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 Shareholders"), 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 Shareholders will also require prior approval of the Government of India and each Shareholder should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Shareholders shall intimate our Company and the Registrar about such approval within the Issue Period.

NRI can make application in Rights Issue only through ASBA mode. In addition, NRI who is applying in the Rights Issue shall provide their Indian Postal Address to our Company on vsl@varnsyndicate.in or to RTA on rights@cameoindia.com through email or through any mode through courier/registered post. The details of Indian Postal Address should be supported with Utility Bill, Aadhar Card, Bank Statement revealing the Indian Address prior to closing of Rights Issue i.e. [●].

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) Networth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

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 maybe extended by our Board or any committee thereof, the invitation to offer contained in this 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" mentioned below.

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 or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Shareholders can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor applying through ASBA facility, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form. Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares allotted, will be refunded/unblocked in the respective bank accounts from which Application Money was received/ASBA Accounts of the Investors within a period of 15 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.

Rights Entitlements:

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the Equity Shares held in dematerialized form or appear in the register of members as an Equity Shareholder of our Company in respect of the Equity Shares held in physical form as on the Record Date, i.e., [●], are entitled to the number of Rights Equity Shares as set out in the Application Form at <https://cameoindia.com/>. The link for the same shall also be available on the website of our Company at <https://www.yarnsyndicate.in/>. Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If the Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. [●], have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to communicate with the Registrar to the Issue in the manner provided on their website i.e. <https://cameoindia.com/>. They may also communicate with the Registrar with the help of the helpline number at +91-44-40020710/ 0706/ 0741 and its email address at investor@cameoindia.com.

Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts, except in case of resident Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. [●].

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 to achieve Minimum Public Shareholding and RE's shall be issued to eligible equity shareholders as on the Record date i.e. [●].

In adherence with SEBI Circular SEBI/HO/CFD/CMD/CIR/P/43/2018 dated February 22, 2018 in order to achieve Minimum Public Shareholding. The Copy of this letter of Offer will be dispatch to the eligible equity shareholders as on the Record date i.e. [●].

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to email addresses of Eligible Equity Shareholders who have provided an email address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Letter of Offer will be provided, only through email, by the Registrar to the Issue on behalf of our Company to the Eligible Equity Shareholders who have provided their email addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar to the Issue and our Company through a link contained in the

aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer will be filed with the Stock Exchange and submitted with SEBI for information and dissemination. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders. However, our Company and the Registrar to the Issue will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date i.e. [●], 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 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) 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. 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 the Company or the Registrar not later than two 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 account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall, unless otherwise specified, apply to the Renounee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favor 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.

Applications by Overseas Corporate Bodies

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("OCBs"), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renounee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

Procedure for Renunciation of Rights Entitlements

The 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 Shareholders 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.

Shareholders may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Shareholders 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 Shareholders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

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 Shareholders / 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 Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [•] subject to requisite approvals. Prior to the Issue Opening Date i.e. [•], 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) Share. To clarify further, fractional entitlements are not eligible for trading.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Shareholders 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 Shareholders can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchange 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 i.e. [●], to enable Renounees to subscribe to the Equity Shares in the Issue.

The Shareholders 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 Shareholders 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.

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.

In case of Application through the ASBA facility, the Shareholders 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 Shareholders'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 Shareholders 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 for this Letter of Offer. After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSCBC42/24.47.00/2003-04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Shareholders

All payments on the Application Forms shall be made only through ASBA facility or internet banking. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking.

Mode of payment for Non-Resident Shareholders

As regards the Application by non-resident Shareholders, 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:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar or our Company.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their email address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case, who make a request in this regard. Non-Resident Investors shall send their Right Entitlement credit request with ID proof to the Registrar to the Issue at rights@cameoindia.com.

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary (“NRO”) accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialized 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 i.e. [●] decided in consultation with the Designated Stock Exchange, but excludes persons not eligible under the applicable laws, rules, regulations and guidelines.

PRINCIPAL TERMS OF THE RIGHTS EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of Rs. 10.00/- per share.

Issue Price

Each Rights Equity Share is being offered at a price of Rs. [●] per Rights Equity Share (including share premium of Rs. [●] per Rights Equity Share), in the Issue. On application, Investors will have to pay Rs. [●] per Rights Equity share which constitutes [●] of the Issue price and the balance Rs. [●] per Rights Equity share which constitutes [●] of the Issue price, will have to be paid, on one or more subsequent call(s), as determined by our Board or the Rights Issue Committee, at its sole discretion.

The Issue Price has been arrived at by our Company prior to the determination of the Record Date i.e. [●]. The Issue Price and other relevant conditions are in accordance with Regulation 10(4) of the SEBI Takeover Regulations. The Board of Directors at its meeting held on [●] has determined and approved the Issue Price.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Fully Paid-up Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [●]. The Board of Directors at its meeting held on [●] has determined and approved the Rights Entitlement Ratio.

Rights of instrument holder

Each Rights Equity Share shall rank pari passu with the existing Equity Shares of the Company.

Terms of Payment

Rs. [●] per Rights Equity Share (including share premium of Rs. [●] per Rights Equity Share) shall be payable as follows:

Particulars	Face value (₹ per Rights Equity share)	Premium (₹ per Rights Equity share)	Total (₹ per Rights Equity share)
On Application	[●]	[●]	[●]
On subsequent Call(s) to be made by our Company	[●]	[●]	[●]
Total	[●]	[●]	[●]

**Our Company shall have the right to call up the remaining paid-up share capital in one or more calls, as determined by our Board or the Rights Issue Committee thereof, at its sole discretion.*

Rights Equity Shares in respect of which the calls payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for both Rights Entitlement and additional Rights Equity Shares and is allotted less number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The un-blocking 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.

Record date for calls and suspension of trading

Our Company would fix a Call Record Date giving [at least seven working days] prior notice to the Stock Exchanges for the purpose of determining the list of Equity Shareholders to whom the notice for the Calls will be send. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the calls have been made may be suspended prior to the Call Record Date.

Procedure for Calls for Rights Equity Shares

Our Company would convene a meeting of our Board or committee thereof to pass the required resolutions for making the Calls and suitable intimation will be given by our Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Bengali language daily newspaper (Bengali being the regional language of Kolkata, where our Registered Office is situated), all with wide circulation.

The Calls shall be deemed to have been made at the time when the resolution authorizing such Calls are passed at the meeting of our Board or committee thereof. The Calls may be revoked or postponed at the discretion of our Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board, the defaulting shareholders will be liable to pay interest as may be fixed by our Board unless waived or forfeit the Application Money and any Call Money received for previous Calls made.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call notice. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

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 [●] fully paid-up Equity Shares held by the eligible equity shareholders of our Company on the Record Date i.e. [●]. 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.

Also, those Equity Shareholders holding less than [●] Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched an Application Form with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for Additional Rights Equity Shares and would be given preference in the Allotment of 1 (One) Additional Rights Equity Share, if such Equity Shareholders have applied for the Additional Rights Equity Shares. However, they cannot renounce the same to third parties. **Application Forms with zero entitlement will be non-negotiable/non-renounceable.**

Ranking

The Rights Equity Shares to be issued and allotted pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Rights Equity Shares to be issued and allotted pursuant to the Issue shall rank pari passu with the existing Equity Shares of our Company, in all respects including dividends.

Mode of payment of dividend

In the event of declaration of dividend, our Company shall pay dividend to the Eligible Equity Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

For an applicable period, under the rules and regulations, prior to the Call Record Date, the trading of the Rights Equity Shares would be suspended. The process of corporate action for crediting the fully paid-up Rights Equity 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 account under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 514378) under the ISIN: INE564C01013. The Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/locked within four days of receipt to intimation from the Stock Exchanges, rejecting the application for listing of the 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 this Issue by our Promoter and members of the Promoter Group

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see "**Capital Structure – Intention and extent of participation by our Promoter**" on page no. 49.

Compliance with SEBI (ICDR) Regulations

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Rights Equity Shareholders

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right to free transferability of Rights Equity Shares;
- The right to attend general meetings and exercise voting powers in accordance with law, unless prohibited by law; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. To clarify further, fractional entitlements are not eligible for trading.

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 jointholders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this 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. An Investor can nominate any person by filling the relevant details in the Application Form in the space provided for this purpose.

Since the Allotment is in dematerialized form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Shareholders would prevail. Any Shareholder 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 dematerialized form only. The market lot for trading of Rights Entitlements shall be One Equity Share.

New Financial Instruments

There are no new financial instruments like deep discount bonds, debentures with warrants, secured premium notes etc. issued by our Company.

Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI Listing Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository.

Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send, only through email, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their email addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case, who make a request in this regard.

Further, our Company will undertake all adequate steps to dispatch the physical copies of the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, However, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

All statutory notices, required by applicable laws, to the Eligible Equity Shareholders required to be given by our Company shall be published in 1 (One) English language national daily newspaper with wide circulation, 1 (One) Hindi language national daily newspaper with wide circulation and 1 (One) Bengali (Regional) daily newspaper with wide circulation at the place where our Registered Office is situated i.e. Kolkata, West Bengal.

Offer to Non-Resident Eligible Equity Shareholders / Shareholders

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/letters of Allotment/Allotment advice. If a non-resident or NRI Shareholders 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 rights@cameoindia.com. It will be the sole responsibility of the Shareholders 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 Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Letter Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the 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 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 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.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been de-recognized as an eligible class of Shareholders and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Shareholder being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting the irrespective copies of self-attested proof of address, passport, etc. at rights@cameoindia.com

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE. FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/UNBLOCKING OF ASBA ACCOUNTS" AS MENTIONED ON PAGE NO. 167

Underwriting

The Issue is not underwritten.

Issue Schedule

Last date for credit of Rights entitlements	[•]
Issue opening date	[•]
Last Date on Market Renunciation of Rights/ Date of closure of trading of Rights Entitlements [#]	[•]
Issue Closing Date [*]	[•]
Finalising the basis of allotment with the Designated Stock Exchange (on or about)	[•]
Date of Allotment (on or about)	[•]
Date of Credit (on or about)	[•]
Date of Listing (on or about)	[•]

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

**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time 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.*

***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.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date *i.e.* [•], 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, atleast one day before the Issue Closing Date *i.e.*, [•].

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.
- (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 Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional 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 Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (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 Shareholders who have been allocated Equity Shares in this Issue, along with:

- i) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
- ii) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- iii) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

ALLOTMENT ADVICE OR REFUND / UNBLOCKING OF ASBA ACCOUNTS

Our Company will issue and dispatch Allotment advice, refund instructions (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date i.e. [•]. In case of failure to do so, our Company shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Automated Clearing House ("NACH") except where Investors have not provided the details required to send electronic refunds or where the investors are otherwise disclosed as applicable or eligible to get refunds through direct credit and real-time gross settlement ("RTGS").

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date i.e. [•].

The letter of allotment or refund order would be sent by permitted mode i.e. email, registered post or speed post to the sole/ first Investor's address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and disposal of Rights Equity Shares for non-receipt of demat account details in a timely manner

In case of Allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date i.e., [•], have paid the Application Money and 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 i.e. [•], the Registrar shall reject the application and will refund the application amount.

PAYMENT OF REFUND

Mode of making refunds

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

Unblocking amounts blocked using ASBA facility.

NACH–National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is other wise disclosed as eligible to get refunds through NEFT or Direct Creditor RTGS.

National Electronic Fund Transfer ("NEFT") – Payment of refund shall be undertaken through NEFT wherever the Shareholders' bank has been assigned the Indian Financial System Code ("IFSC Code"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Shareholders through this method.

Direct Credit – Shareholders having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

RTGS– If there fund amount exceeds Rs. 2,00,000/- the Shareholders have the option to receive refund through RTGS. Such eligible Shareholders who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investors.

For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demands drawn in favour of the sole/first Shareholders and payable at par.

Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

Receipt of the Equity Shares in Dematerialized Form

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Option to receive Right Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE 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 IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED / REVERSED / FAILED.

Investors shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement with NSDL and with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialized form is as under:

- a) 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 Shareholders having various folios in our Company with different joint holders, the Shareholders will have to open separate accounts for such holdings. Those Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- b) It should be ensured that the depository account is in the name(s) of the Shareholders and the names are in the same order as in the records of our Company or the Depositories.
- c) The responsibility for correctness of information filled in the Application Form *vis-à-vis* such information with the Shareholder's depository participant, would rest with the Shareholders. Shareholders should ensure that the names of the Shareholders and the order in which they appear in Application Form should be the same as registered with the Shareholder's depository participant.
- d) If in complete or incorrect beneficiary account details are given in the Application Form, the Shareholders will not get any Equity Shares and the Application Form will be rejected.
- e) 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 IEPF authority / in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's

depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

- f) Non-transferable Allotment advice / refund intimation will be directly sent to the Shareholders by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.
- g) Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- h) Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two working days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in Section Terms of the Issue-“Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form” on pages 149 and 168 respectively.

IMPERSONATION

As a matter of abundant caution, attention of the Shareholders is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 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.

UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilized out of the Issue shall be disclosed, and shall continue to be disclosed until the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
- (c) Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
- (d) Our Company may utilize the funds collected in the Issue only after final listing and trading approvals for the Rights Equity Shares Allotted in the Issue is received.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- i) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.
- iii) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- iv) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

- v) No further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
- vi) In case of unblocking of the application amount for unsuccessful Applicants or part of the application amount in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- vii) Adequate arrangements shall be made to collect all ASBA Applications and to consider them similar to non-ASBA Applications while finalizing the Basis of Allotment.
- viii) At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
- ix) Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.
- x) Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

MINIMUM SUBSCRIPTION

In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive the minimum subscription of 90% of the Issue Size, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are "officers in defaults" shall pay interest for the delayed period, at such rates as prescribed under the applicable laws.

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 2 (Two) working days of the Issue Closing Date i.e. [•], 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 1 (One) 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.

SHAREHOLDERS GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected. 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 26.
2. All enquiries in connection with the Letter of Offer or Application Form and the Rights Entitlement Letter must be addressed (quoting the Registered Folio Number or the DP and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed [•], on the envelope to the Registrar at the following address:

Email id: rights@cameoindia.com

Registered Address: Subramanian Building, 1 Club House Road, Chennai - 600 002, Tamil Nadu

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/electronic dedicated Investor's helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar at <https://cameoindia.com/>. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is at +91-44-40020710/ 0706/ 0741).

4. The Shareholders can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders: <https://cameoindia.com/>
- Updation of Indian address/e-mail address/phone or mobile number in the records maintained by the Registrar at <https://cameoindia.com/> or our Company at <https://www.yarnsyndicate.in/>
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form at <https://cameoindia.com/>
- Submission of self-attested PAN, client mastersheet and demat account details by non-resident Eligible Equity Shareholders at <https://cameoindia.com/>

This Issue will remain open for a minimum [•] days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

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 upto 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 2020 ("**FDI Circular 2020**"), which, with effect from October 15, 2020, 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 October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 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, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectorial limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Our Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

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

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available at the registered office of the Company from the date of this Letter of Offer until the Issue Closing Date.

A. MATERIAL CONTRACTS

1. Registrar Agreement dated "[•]" entered into between our Company and the Registrar to the Issue.
2. Escrow Agreement dated "[•]" amongst our Company, the Registrar to the Issue and the Bankers to the Issue.
3. Tripartite Agreement "[•]" between our Company, NSDL and the Registrar.
4. Tripartite Agreement dated "[•]" between our Company, CSDL and the Registrar.

B. DOCUMENTS FOR INSPECTION

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated May 23, 1946.
3. Annual Reports of the Company for the year ended on March 31, 2023, 2022, 2021, 2020 and 2019 and Limited Review Report for the Quarter ended on June 30, 2023.
4. Resolution of the Board of Directors dated 29th September, 2023 in relation to the Issue and other related matters.
5. Consents of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Legal Advisors to the Issue, Advisors to the Issue, Tax Advisors to the Issue, Statutory Auditor of the Company, Bankers to the Company, Registrar to the Company, Registrar to the Issue and the Bankers to the Issue to include their names in this Letter of Offer and to act in their respective capacities.
6. Statement of Tax Benefits dated 29th September, 2023 from the Statutory Auditor included in this Letter of Offer.
7. In-Principle approval dated [•] issued by BSE Limited.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION XI - DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. We further certify that all the legal requirements connected with the Issue and the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Ravi Niranjan Pandya
(Managing Director)
DIN: 09509086

Sd/-

Chetan Kumar Ojha
(Director)
DIN: 09706197

Sd/-

Nandish Jani
(Independent Director)
DIN: 09565657

Sd/-

Nidhi Bansal
(Independent Director)
DIN: 09693120

SIGNED BY THE KEY MANAGERIAL PERSONNEL(S) OF OUR COMPANY

Sd/-

Priya Singh
(Company Secretary and Compliance Officer)

Sd/-

Dharmesh Tripathi
(Chief Financial Officer)

Date: [•]

Place: Kolkata