



RAJAPALAYAM MILLS LIMITED

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

Registered Office: Rajapalayam Mills Premises, Post Box No. 1, P.A.C. Ramaswamy Road, Rajapalayam – 626 117, Tamil Nadu, India.

Telephone: +91-4563-235666; **Email:** rajacot@ramcotex.com; **Website:** www.rajapalayammills.co.in

Contact Person: Arul Pranavam A, Company Secretary and Compliance Officer; **Email:** investorgrievance@ramcotex.com

Corporate Identity Number: L17111TN1936PLC002298

PROMOTERS OF OUR COMPANY – P R VENKETRAMA RAJA AND P V ABINAV RAMASUBRAMANIAM RAJA		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF RAJAPALAYAM MILLS LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY		
ISSUE OF UP TO 12,29,360 FULLY PAID-UP EQUITY SHARES WITH A FACE VALUE OF ₹10 EACH (“RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹569 EACH INCLUDING A SHARE PREMIUM OF ₹559 PER RIGHTS EQUITY SHARE (“ISSUE PRICE”) AGGREGATING TO AN AMOUNT UP TO ₹6,995.06 LAKHS* ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 1 (ONE) RIGHTS EQUITY SHARE FOR EVERY 6 (SIX) FULLY PAID UP EQUITY SHARES HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON FRIDAY, MARCH 5, 2021 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 56.9 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE THE CHAPTER TITLED “TERMS OF THE ISSUE” BEGINNING ON PAGE 98. <i>*Assuming full subscription.</i>		
WILFUL DEFAULTER		
NEITHER OUR COMPANY NOR ANY OF OUR PROMOTERS OR DIRECTORS IS CATEGORISED AS A WILFUL DEFAULTER		
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 with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, Investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the Investors is invited to the statement of “Risk Factors” beginning on page 18.		
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 regards to the Company and the Issue, which is material in the context of this Issue, and that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The existing Equity Shares of our Company are listed on BSE Limited (“BSE”/“Stock Exchange”). Our Company has received an “in-principle” approval from BSE for listing of the Rights Equity Shares to be allotted in this Issue pursuant to letter dated February 24, 2021. Our Company will also make an application to the Stock Exchange to obtain the trading approval for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. BSE shall be the Designated Stock Exchange for the purpose of this Issue.		
LEAD MANAGER TO THE ISSUE		REGISTRAR TO THE ISSUE
 Vivro Financial Services Private Limited Vivro House, 11, Shashi Colony, Opposite Suvidha Shopping Center, Paldi, Ahmedabad – 380 007, Gujarat, India. Telephone: +91-79-4040 4242; Email: rml.rights@vivro.net Website: www.vivro.net Investor Grievance Email: investors@vivro.net Contact Person: Yogesh Malpani/Mili Khamar SEBI Registration Number: INM000010122 CIN: U67120GJ1996PTC029182		 Cameo Corporate Services Limited Subramanian Building, No. 1, Club House Road, Chennai - 600 002, Tamil Nadu, India Telephone: + 91-44-28460390; Email: priya@cameoindia.com Website: www.cameoindia.com Investor Grievance Email: investor@cameoindia.com Contact Person: Ms. K. Sreepriya SEBI Registration Number: INR000003753 CIN: U67120TN1998PLC041613
ISSUE PROGRAMME*		
ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON*
MONDAY, MARCH 15, 2021	WEDNESDAY, MARCH 24, 2021	TUESDAY, MARCH 30, 2021

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

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

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

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

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in sections/ chapters titled “Industry Overview”, “Statement of Special Tax Benefits”, “Financial Information”, “Outstanding Litigations and Defaults” and “Terms of Issue” on pages 55, 51, 74, 87 and 98, respectively, shall have the meaning given to such terms in such sections.

General terms

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

Company related terms

Term	Description
Articles / Articles of Association / AoA	The Articles of Association of our Company, as amended from time to time.
Auditor / Statutory Auditor	The joint statutory auditors of our Company, being M/s. N.A. Jayaraman & Co, Chartered Accountants and M/s SRSV & Associates, Chartered Accountants.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company for the financial year ended March 31, 2020 which comprises of the consolidated balance sheet as at March 31, 2020, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement, the consolidated statement of changes in equity for the year ended March 31, 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. For details, see “Financial Statements” on page 74.
Board / Board of Directors	Board of Directors of our Company, including any committees thereof.
Equity Share(s)	The equity shares of our Company of a face value of ₹10 each, unless otherwise specified in the context thereof.
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations.
Key Management Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in “Our Management – Key Managerial Personnel” on page 72.
Memorandum of Association / MoA	Memorandum of association of our Company, as amended from time to time.

Term	Description
Promoter(s)	The Promoters of our Company, namely P R Venketrama Raja and P V Abinav Ramasubramaniam Raja.
Promoter Group	The persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Registered Office	The registered office of our Company located at Rajapalayam Mills Premises, Post Box No. 1, PAC Ramaswamy Road, Rajapalayam – 626 117, Tamil Nadu, India
Registrar of Companies/ RoC	The Registrar of Companies, Tamil Nadu at Chennai.
Rights Issue Committee	The committee of our Board constituted through the resolution dated December 21, 2020.
Shareholders / Equity Shareholder	The equity shareholders of our Company, from time to time.
Unaudited Consolidated Financial Results / Limited Review Interim Unaudited Consolidated Financial Statements	The limited review interim unaudited consolidated financial results of our Company for nine months period ended December 31, 2020, including the notes thereto and the report thereon. For details, see “ <i>Financial Information</i> ” on page 74.

Issue related terms

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

Term	Description
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Applicant(s) to make an application authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB.
ASBA Account	An account maintained with an SCSB and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper.
Banker to the Issue	Collectively, the Escrow Collection Bank, the Allotment Account Bank and the Refund Account Bank to the Issue, in this case being HDFC Bank Limited.
Banker to the Issue Agreement	Agreement dated February 26, 2021 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Applicants/Investors making an application through the R-WAP facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/Investors and providing such other facilities and services as specified in the agreement.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” on page 98.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/husband, investor status, occupation and bank account details, where applicable.
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, from the Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or such other website(s) as may be prescribed by the SEBI or the Stock Exchange(s), from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date.
Escrow Account	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility.
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the Escrow Account will be opened, in this case being, HDFC Bank Limited
Issue / Rights Issue	Issue of up to 12,29,360 Rights Equity Shares for cash at a price of ₹569 per Rights Equity Share, including a share premium of ₹559 per Rights Equity Share for an aggregate amount up to ₹6,995.06 lakhs* on a rights basis by our Company to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 6 (Six) fully paid up Equity Shares held by the Eligible Equity Shareholders on the Record Date. <i>*Assuming full subscription</i>
Issue Agreement	Issue agreement dated February 16, 2021 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.

Term	Description
Issue Closing Date	Tuesday, March 30, 2021
Issue Opening Date	Monday, March 15, 2021
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	₹569 per Rights Equity Share.
Issue Proceeds	The gross proceeds raised through the Issue.
Issue Size	The issue of up to 12,29,360 Rights Equity Shares aggregating to an amount up to ₹6,995.06 lakhs*. <i>*Assuming full subscription</i>
Lead Manager to the Issue/ Lead Manager	Vivro Financial Services Private Limited.
Letter of Offer / LOF	This letter of offer dated February 27, 2021 filed with the Designated Stock Exchange and with SEBI.
Materiality Policy	<i>'Policy for Determination and Disclosure of Materiality of an Event or Information'</i> adopted by our Board in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, read with the materiality policy adopted by the Rights Issue Committee through its resolution dated February 15, 2021 for the purpose of litigation disclosures in this Letter of Offer.
Mercerization Project	Setting up a new additional line of mercerization machine in the Company's mercerizing division located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. For details please see <i>"Objects of the Issue"</i> on page 43.
Modernization Project	Modernization project of Company's existing Open End Spinning Machines located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. For details please see <i>"Objects of the Issue"</i> on page 43.
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications.
Net Proceeds	Issue Proceeds less the Issue-related expenses. For details, see <i>"Objects of the Issue"</i> on page 43.
Non-Institutional Investor(s) / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Stock Exchange from time to time and other applicable laws, on or before Wednesday, March 24, 2021.
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws.
QIBs / Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being Friday, March 5, 2021.
Refund Bank	The Banker to the Issue with whom the refund account will be opened, in this case being HDFC Bank Limited.
Registrar / Registrar to the Issue	Cameo Corporate Services Limited
Registrar Agreement	Agreement dated February 16, 2021 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity

Term	Description
	Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Wednesday, March 24, 2021, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹200,000 (including an HUF applying through karta in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements/ REs	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Record Date, being 1 (One) Rights Equity Share for every 6 (Six) fully paid up Equity Shares held by the Eligible Equity Shareholder on the Record Date.
	Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular, the Rights Entitlements shall be credited in dematerialised form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP facility and the link of which is available on the website of our Company.
Rights Equity Shares / Rights Shares	Equity Shares of our Company to be Allotted pursuant to the Issue.
R – WAP	Registrar’s web based application platform accessible at https://rights.cameoindia.com/Rajapalayam , instituted as an optional mechanism in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular 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, for accessing/ submitting online Application Forms by resident Investors.
Self-Certified Syndicate Banks / SCSBs	Self-certified syndicate banks registered with SEBI, which offers the facility of ASBA. A list of all SCSBs is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes , updated from time to time or at or such other website(s) as maybe prescribed by SEBI from time to time.
Stock Exchange	BSE where the Equity Shares are presently listed.
Transfer Date	The date on which Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Day	All days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to Issue Period, “Working Day” shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchange, “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays.

Business and Industry Related Terms

Terms	Description
A-TUFS	Amended Technology Up- gradation Fund Scheme
CSR	Corporate Social Responsibility
GDP	Gross Domestic Product
GVA	Gross Value Added
IBEF Industry Report/ IBEF Report/ Textile Report	India Brand Equity Foundation Industry Report / Report titled textile and apparel- October, 2020
Ha	Hectare
HNI's	High Networth Individuals
IIP	Index of Industrial Production
KG/Kg/kg	Kilogram
MRP	Minimum Retail Price
MW	Megawatts
NITI Aayog	National Institution for Transforming India, Aayog
SCBTS	Scheme for Capacity Building in Textiles Sector
TFO Yarn	Two for One Twisted Yarn

Conventional, General Terms and Abbreviations

Term	Description
₹/ Rs./ Rupees/ INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CCD	Compulsorily Convertible Debentures
CIN	Corporate Identity Number
Companies Act	Companies Act, 2013 and the rules made thereunder
Consolidated FDI Policy	The consolidated FDI Policy, effective from October 15, 2020, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary general meeting
EPS	Earnings per Share
ERP	Enterprise Resource Planning
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations made thereunder

Term		Description
FEMA Rule		Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial year / Fiscal/ FY		Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
Foreign Portfolio Investor / FPI		Foreign portfolio investor as defined under the SEBI FPI Regulations
Fugitive Offender	Economic	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI		Foreign Venture Capital Investors registered under the FVCI Regulations
FVCI Regulations		Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP		Gross Domestic Product
Government / Government of India / GoI		Government of India
GST		Goods and Services Tax
HUF		Hindu Undivided Family
ICAI		The Institute of Chartered Accountants of India
IFRS		International Financing Reporting Standards of the International Accounting Standards Board
Ind AS		Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015
Insider Regulations	Trading	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
ISIN		International Securities Identification Number allotted by the depository
IT		Information Technology
I.T. Act / IT Act		Income Tax Act, 1961
I. T. Rules		Income Tax Rules, 1962
Listing Agreements		The listing agreements entered into by our Company with the Stock Exchange
MAT		Minimum Alternate Tax
MCA		Ministry of Corporate Affairs, Government of India
MICR		Magnetic ink character recognition
MoU		Memorandum of Understanding
Mutual Fund		Mutual fund registered with SEBI under the SEBI Mutual Fund Regulations.
NA / N.A.		Not Applicable
NACH		National Automated Clearing House which is a consolidated system of ECS
NAV		Net asset value
NCLT		National Company Law Tribunal
NCLAT		National Company Law Appellate Tribunal
NEFT		National Electronic Fund Transfer
Net Worth		The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NI Act		Negotiable Instruments Act, 1881
NSDL		National Securities Depositories Limited
NR / Non-Resident		A person resident outside India, as defined under the FEMA
NRE Account		Non-Resident External Account
NRO Account		Non-Resident Ordinary Account
NRI		Non Resident Indian
OCB / Corporate Body	Overseas	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which

Term	Description
	was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India
p.a.	Per Annum
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price / Earnings Ratio
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular 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/2020/78 dated May 6, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Securities Act	United States Securities Act of 1933
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
Trade Marks Act	Trade Marks Act, 1999
US	United States of America
UK	United Kingdom
US GAAP	Generally Accepted Accounting Principles in United States
VCF	A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996)

NOTICE TO INVESTORS

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

Our Company shall also endeavour to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

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

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

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

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

Rights Equity Shares or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

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

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

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

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

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

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

Certain Conventions

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

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

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

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

Financial Data

Unless stated or the context requires otherwise, our financial data included in this Letter of Offer is derived from the Audited Consolidated Financial Statements and Limited Review Interim Unaudited Consolidated Financial Statements. For further information, see “*Financial Information*” on page 74.

We have prepared our Audited Consolidated Financial Statements in accordance with Ind AS and Limited Review Interim Unaudited Consolidated Financial Statements in accordance with Ind AS 34, prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Our Company’s Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal or FY, unless stated otherwise, are to the 12 months period ending on March 31 of that particular calendar year.

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

Market and Industry Data

Unless stated otherwise, market and industry data used in this Letter of Offer has been obtained or derived from publicly available information, industry publications and sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy, adequacy, completeness, reliability or underlying assumption are not guaranteed. Similarly, internal surveys, industry forecasts, market research and industry and market data used in this Letter of Offer, while believed to be reliable, have not been independently verified by our Company, the Lead Manager or their respective affiliates and neither our Company, the Lead Manager, nor their respective affiliates make any representation as to the accuracy of such information. Accordingly, Investors should not place undue reliance on this information.

Certain industry related information in the sections titled “*Industry Overview*”, “*Our Business*”, “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operation*” on pages 55, 60, 18 and 78 respectively, have been derived from an industry report titled “*Textile and Apparel – October 2020*”, prepared by India Brand Equity Foundation (“**Textile Report**”).

Currency and Units of Presentation

All references to “Rupees” or “₹” or “Rs.” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$”, “U.S. Dollar”, “USD” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America and all references to “Euro” or “€” are to Euro, the official currency of the European Union.

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

Exchange Rates

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

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

Currency	Exchange rate as on		
	December 31, 2020	March 31, 2020	March 31, 2019
1 US\$	73.05	75.39	69.17
1 Euro	89.79	83.04	77.70

(Source: www.fbil.org.in)

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

FORWARD LOOKING STATEMENTS

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

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

- the impact of COVID-19 pandemic, which may affect our financial performance in future periods and it may otherwise have material adverse effects on our results of operations, financial condition, and/or our cash flows;
- increase in the prices of our raw material or any decrease in the supply of our raw materials;
- fluctuations in foreign currency exchange rate, which may harm our results of operations;
- decrease in demand of our products or failure to accurately forecast and manage inventory;
- risks that manufacturing facilities are subject to, including quality control issues, disruptions in or lack of infrastructure facilities and obsolete plant and machinery and quality control problems;
- strikes or work stoppages by our employees or contractual employees;
- our inability to attract and retain skilled personnel; and
- our inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals for our business operations.

For further discussion of factors that could cause the actual results to differ from the expectations, see the sections “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 18, 60 and 78, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views of our Company as at the date of this Letter of Offer and are not a guarantee or assurance of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Accordingly, we cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct and given the uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Letter of Offer, including the sections titled “*Risk Factors*”, “*Objects of the Issue*”, “*Our Business*” and “*Outstanding Litigations and Defaults*” on pages 18, 43, 60 and 87 respectively.

Summary of our Business

We are a part of the South India-based Ramco Group, incorporated in 1936 and founded by P. A. C. Ramasamy Raja. Our Company is engaged in the business of manufacturing of cotton yarn ranging from 4s to 355s (single/double yarn) and fabrics. Presently, we have four manufacturing facilities of cotton yarn and one manufacturing facility of fabric. Our spinning units are located at Rajapalayam in Virudhunagar district and Perumalpatti in Thirunelveli district of Tamil Nadu. Our Company manufactures a wide range of products like Open End yarn, Ring yarn, Compact yarn, TFO yarn, Gassed yarn, Mercerised yarn, Slub yarn, Multi Count yarn, Melange yarn. Dyed High Twist yarn, Core Spun yarn and Elitwist yarn. We are also engaged in generation of electricity from windmills with an aggregate installed capacity of 35.15 MW wind power facilities.

Objects of the Issue

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

		(₹ In lakhs)
S. No.	Particulars	Amount
1.	Modernization of our existing Open End Spinning Machines located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu	3,882.20
2.	Setting up a new additional line of mercerization machine in our Mercerizing Division located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu	1,631.98
3.	General corporate purposes	1,410.94
Total Net Proceeds		6,925.12

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

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

Our Promoters and Promoter Group *vide* their letter dated February 5, 2021 (“**Subscription Letter**”), have indicated that they, jointly and/or severally, intend to subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars and subscribe to unsubscribed portion of the Issue, if any.

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

Summary of Outstanding Litigations and Defaults

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

Nature of Cases	Number of Cases	Amount Involved* (₹ lakhs)
Litigations involving our Company		
Proceedings involving moral turpitude or criminal liability on our Company	NIL	-
Proceedings involving material violations of statutory regulation by our Company	NIL	-
Matters involving economic offences where proceedings have been initiated against our Company	NIL	-
Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	NIL	-

* To the extent quantifiable.

For further details, see “*Outstanding Litigations and Defaults*” beginning on page 87.

Risk Factors

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

Contingent Liabilities

For details regarding our contingent liabilities, see “*Financial Statements*” on page 74.

Related Party Transactions

For details of our related party transactions as per Ind AS 24, see “*Financial Statements*” on page 74.

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

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

SECTION II – RISK FACTORS

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

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

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

Unless otherwise stated, references to “we”, “us”, “our” and similar terms is for Rajapalayam Mills Limited, on a consolidated basis and references to “our Company” are to Rajapalayam Mills Limited on a standalone basis.

1. *The recent novel coronavirus (“COVID-19”) outbreak has impacted our business, results of operations and financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.*

The outbreak of COVID-19 was recognized as a public health emergency of international concern on January 30, 2020 and as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, had/have taken preventive or protective actions, such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. The GOI had announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions. While progressive relaxations have since been granted for movement of goods and people and cautious re-opening of businesses and offices, lockdowns may be reintroduced in the future. Certain countries have reinstated lockdown conditions due to a “second wave/ third wave” of the COVID-19 outbreak and the discovery of a new strain of the coronavirus in the United Kingdom, and the Central Government and State Governments may reinstate complete lockdown conditions or impose additional restrictions.

Our manufacturing operations were temporarily suspended from March 24, 2020 to May 5, 2020 which impacted our revenues and profitability. We re-started our production with 50% manpower with the approval of Government authorities from May 6, 2020 and gradually increased our capacity utilization towards the pre Covid levels thereafter. However, the demand for cotton has come down during lockdown period and the cotton prices have also fallen significantly resulting in booking us mark to market loss of ₹218.34 lakhs in the carrying value of cotton inventory.

Furthermore, in the event any member or members of our management or operations team being severely impacted by COVID-19, it may potentially affect our operations. Our Company has assessed the impact of this pandemic on its business operations and has considered all relevant internal and external information available up to the date of approval of the Limited Review Interim Consolidated Financial Results, in determination of the recoverability and carrying value of property, plant and equipment, goodwill, other intangible assets, and in relation to other financial statement.

The rapid and diffused spread of COVID-19 and global health concerns relating to this outbreak have had a severe negative impact on all businesses. While the impact has come down progressively after the lockdown was first eased and then by and large lifted, in case of any recurrence of the pandemic, there could again be a severe impact for an unknown period of time. As of the date of this Letter of offer, while the Government of India and other governments in the world has initiated its COVID-19 vaccination drive, there is still some uncertainty relating to the impact of the COVID-19 pandemic on the global and the Indian economy, and we are unable to accurately predict the near-term or

long-term impact of the COVID-19 pandemic on our business. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business. While we believe the COVID-19 pandemic is not likely to impact recoverability of the carrying value of assets, we are closely monitoring the development and possible effects that may result from the COVID-19 pandemic on our financial condition, liquidity and operations. As the situation is continuously evolving, the eventual impact may be different from management estimates. Any risks arising on account of a fresh round of COVID-19 with different stain such as in relation to lockdown, slowdown of economic activities, loss of life and debilitation of key personnel can have an adverse effect on our business, results of operations, cash flows and financial conditions.

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

The primary raw material for our manufacturing operations is cotton. We purchase cotton from the domestic and international markets. We purchase cotton from overseas markets like USA, Egypt and Australia. Being an agricultural commodity, there can be fluctuations in price of cotton due to the changes in weather condition among other factors. Further, the minimum support price for cotton is also determined by the Government of India. As a result, the cotton price in India is not only driven by market demand but also supported by minimum support price operations of the Cotton Corporation of India. Any increase in cotton prices may have an adverse effect on our business and a consequent negative impact on our Company, financial condition and results of operations. For example, if there is a decrease in yarn / fabric prices between the time that we purchase raw materials and the time that our products are sold, our margins for yarns / fabrics business will be reduced. Any material shortage or interruption in the domestic supply or deterioration in quality of cotton due to natural causes or other factors could result in increased costs that we may not be able to pass on to customers.

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

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

3. We do not have long term contracts with our customers.

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

4. We are exposed to foreign exchange fluctuations risks.

We are exposed to foreign exchange related risks since a portion of our revenue from operations are in foreign currency. Our revenue from operations in foreign currency in Fiscal 2020 and nine month period ended on December 31, 2020, accounted for approximately 29% and 23% of our total revenue from operations for the respective periods.

Any weakening of rupee against foreign currencies may adversely affect our export earnings, which we have experienced and can be expected to continue in terms of foreign exchange losses in respect of transactions denominated in foreign currencies.

Further, we import raw material from overseas markets in foreign currencies and during Fiscal 2020 and nine month period ended on December 31, 2020, our raw material import accounted for approximately 36% and 49% of our cost of raw material consumed for the respective periods. Any strengthening of rupee against foreign currencies may adversely affect our import costs. We have been hedging our foreign exchange exposure through forward contracts to mitigate the risk of fluctuations in foreign exchange currencies for both exports of our products and import of our raw materials. Although we have been entering into foreign exchange forward contracts to hedge against our foreign exchange risks, we cannot assure that we will continue to enter into forward contracts in the future and any such lack of hedging may expose us to foreign exchange currencies fluctuation, which may have an adverse impact on our business, results of operations and financial conditions.

5. *The purchase order placed for majority of plant and machinery for our proposed Modernization Project and Mercerization Project, as specified in the Objects of the Issue are in foreign currency denomination i.e. Euro. Any weakening of Rupee against Euro may adversely impact our capital expenditure cost and may result into cost overrun.*

As on date of this Letter of Offer, we have placed purchase orders for the entire plant & machinery we intend to procure for our proposed Modernization Project and Mercerization Project. We have placed purchase order amounting ₹5,389.36 lakhs out of which ₹5,138.61 lakhs is for imported plant and machinery. Although, we have placed the orders but we are yet to make payment for these plant and machinery and we intend to utilize a part of our Net Proceeds from the Issue towards making those payments. Although, we have hedged certain portion of the foreign exchange outgo towards plant and machinery, any exposure towards our unhedged portion of imports of the plant and machinery may result in increased cost due to any weakening of the Rupee against the Euro. As a result, we are exposed to risks originating from fluctuations in foreign currencies specifically Euro towards the unhedged portion, which may result in possible cost overrun, an in turn may have an adverse effect on our business, results of operations and financial condition. For further details relating to imported plant and machinery, see chapter titled “Objects of the Issue” beginning on page 43.

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

The sales of our yarns and fabrics rely heavily on the demand and preferences of end-user consumers of garments and other textile products. Our largest business segment is the manufacturing of cotton yarn which accounted for 97% of our total revenue from operations for Fiscal 2020 and 89% of our total revenue from operations for the nine months period ended December 31, 2020. If the preferences and tastes of end-users for textile products undergo a change which is driven by fashion, or if our industry experience lower or negative growth, demand for our products may decrease and our revenue from sales of our products may decline, which may in turn materially adversely affect our business, financial condition and results of operations. In addition, we make significant decisions, including setting up of additional capacities, determining the levels of business that we will seek and accept, production schedules, raw material procurement, personnel requirements and other resource requirements, based on our estimates of future sales projections. This may require us to increase staffing, increase borrowings and incur other expenses to meet the anticipated demand. However, any decrease in the demand for our product may result in such expenses causing reductions in our margins and significantly impact our results and operations. We cannot assure you that we will be able to realise the sales value on the basis of our estimates and any such losses may have an adverse impact on our results of operations.

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

We monitor our inventory levels based on our projections of future demand. Because of the length of time necessary to produce commercial quantities of our products, we make production decisions well in advance of sales for some of our products. An inaccurate forecast of demand for any product can result in the unavailability/surplus of products. This unavailability of products in high demand may depress sales volumes and adversely affect customer relationships. Conversely, an inaccurate forecast can also result in an over-supply of products, which may increase costs, negatively

impact cash flow, reduce the quality of inventory, erode margins substantially due to writing down of inventory cost from its carrying value to the net realisable value. Any of the aforesaid circumstances could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

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

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

Our business depends on our relationships with a number of key customers. The revenue concentration from our top five customers during Fiscal 2020 was 40% and for the nine months period ended December 31, 2020 was 30% of our total revenue from operations during the period. There can be no assurance that we will be able to retain these customers. If one or more of these key customers are unable or unwilling to continue their business relationships with us, our business may be affected and our financial condition and results of operations may be adversely affected. Any deterioration in our relationship with any of them would have a significant adverse impact on our business, financial condition and results of operations. Some of our products are in the nature of commodity products facing highly competitive conditions and are extremely price sensitive. Therefore, any major fluctuations in prices of our products can adversely affect our competitiveness and lead to loss of customers to competitors.

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

As of December 31, 2020, our borrowings amounted to ₹55,244 lakhs. Our substantial indebtedness could:

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

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

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

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

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

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

Production of cotton, our primary raw material for our operations are significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry (such as taxes, tariffs, duties, subsidies and

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

13. *Our Statutory Auditors has included certain matters of emphasis in our Audited Consolidated / Standalone Financial Statements. In addition, the annexure to our Statutory Auditors’ report issued under the Companies (Auditor’s Report) Order, 2016 (“CARO”), on our audited standalone financial statements contain statements on certain matters.*

Our Statutory Auditors have included certain matters of emphasis in relation to our Company in our Audited Consolidated / Standalone Financial Statements. In addition, the annexure to our Statutory Auditors’ report issued under the Companies (Auditor’s Report) Order, 2016, on our audited standalone financial statements for Fiscal 2020 contain statements on certain matters. For further information, see “*Management’s Discussion and Analysis on the Financial Conditions and Results of Operations - Reservations, qualifications, matter of emphasis, adverse remarks / other observations in caro*” page 79.

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

14. *Our Company has incurred losses, on standalone basis, for the nine months period ended December 31, 2020, which may adversely impact our business and financial condition.*

Our Company, on a standalone basis, has incurred loss amounting to ₹3,177 lakhs as per the Limited Review Interim Unaudited Consolidated Financial Statements during the nine months period ended December 31, 2020. Our losses during the period have been primarily on account of the COVID-19 induced lockdown and the overall slowdown of the economy during the pandemic. Our ability to operate profitably depends upon a number of factors, some of which are beyond our direct control. Our failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends and impair our ability to raise capital and expand our business.

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

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

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

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

Our total working capital debt for the nine months period ended December 31, 2020 was ₹16,785 lakhs. We rely on debt financing to meet our working capital requirements. We cannot assure that we will be able to raise additional debt in a timely manner or on acceptable terms in the future to finance our working capital, and this may materially and adversely affect our business.

17. Our inability to successfully implement our proposed Modernisation Project and Mercerization Project at our manufacturing facilities could adversely affect our growth and future profitability.

Our ability to successfully implement our proposed Modernization Project and Mercerization Project at our manufacturing facilities is subject to a variety of risks, including construction delays, unanticipated cost increases, non-availability of adequate funds and the required personnel and other risks, and there can be no assurance that these projects will be completed in a timely manner or at the cost levels anticipated by our Company. Moreover, the overall profitability and success is subject inter-alia to the following factors:

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

Any inability to raise sufficient capital to fund our Modernization Project and Mercerization Projects could have a material adverse effect on our business, growth and future results of operations. In the event our Company is unable to successfully execute the aforesaid projects or realize the benefits expected upon its completion, our profitability, financial condition and results of operations expected from growth could be materially adversely affected.

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

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

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

Any material interruption at our manufacturing facilities, including but not limited to power failure, fire and unexpected mechanical failure of equipment’s and COVID-19 pandemic conditions could reduce our ability to meet the conditions of our contracts and earnings for the affected period. Irregular or any interruption in supply of power including from our captive windmills or water or are factors that could adversely affect our daily operations. If there is an insufficient supply of electricity or water to satisfy our requirements, we may need to limit or delay our production, which could adversely affect our business, financial condition and results of operations. We cannot assure you that we will always have access to sufficient supplies of electricity in the future to accommodate our production requirements and planned growth. Similarly, there is no assurance that those of our manufacturing facilities unaffected

by an interruption will have the capacity to increase their output to manufacture products for the affected manufacturing facilities, to the extent that all outstanding orders will be filled in a timely manner. In the event of prolonged interruptions in the operations of our manufacturing facilities, we may have to import various supplies and products in order to meet our production requirements, which could affect our profitability.

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

We generated ₹10,436 lakhs and ₹6,358 lakhs as revenues from exports in Fiscal 2020 and during the nine months period ended December 31, 2020 which represented 29% and 23% of our revenues from operations for the respective periods. The destination countries impose varying duties on our products. There can be no assurance that the duties imposed by such destination countries will not increase. Any change or increase in such duties may adversely affect our business, financial condition and results of operations. Export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements may place us at a competitive disadvantage compared to manufacturers in other countries and may adversely affect our business, financial condition and results of operations. Further, adverse changes in import policies in countries to which we export our products may have a particularly significant adverse impact on our business, financial condition and results of operations.

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

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

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

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

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

We face business risks relating to our products not meeting the customer's technical specifications or the required quality standards. Some of our manufacturing plants are accredited with Organic Cotton Certificate, BCI certifications etc. and we have prescribed stringent quality checks and we continue to improve its resource utilization and minimize in-process rejections by leveraging quality tests across all facilities. We are focused on improving quality systems and their effectiveness to lessen the incidence of such risks and simultaneously improving its operational efficiencies.

However, there can be no assurance that there could not still be some deviation from prescribed quality standards due to factors such as human error. Despite putting in place strict quality control procedures we cannot assure that our products will always be able to satisfy our clients/customer's quality standards. Any negative publicity regarding our Company, or products, including those arising from any deterioration in quality of our products from our vendors, or any other unforeseen events could adversely affect our reputation and our operations. Introduction of new products or for any other reason, any failure on our part to meet our customers' expectation could adversely affect our business, result of operations and financial condition. Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. We have little, if any, control over proper handling once our products are delivered to our customers. In case our products does not meet the customer requirements or fails to adhere to the technical specifications or quality standards, our customers may cancel the order. Any such cancellation by our customers may adversely affect our reputation and brand image, which could adversely affect our business, results of operations and financial condition.

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

Our performance depends largely on the efforts and abilities of our senior management and other key personnel. We believe that the inputs and experience of our senior management, in particular, and other key personnel are valuable for the development of our business and operations and the strategic directions taken by our Company. For further information of our key management personnel, see "Our Management" on page 67. There can be no assurance that these individuals or any other member of our senior management team will not leave us or join a competitor or that we will be able to retain such personnel or find adequate replacements in a timely manner, or at all. We may require a long period of time to hire and train replacement personnel when qualified personnel terminate their employment with our Company. We may also be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting employees that our business requires. The loss of the services of such persons may have an adverse effect on our business, results of operations, financial condition and cash flows.

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

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

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

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

We have entered into transactions with related parties. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we would not have achieved more favourable commercial terms with other parties. Furthermore, we may enter into related party transactions in the future, and such transactions may potentially involve conflicts of interest. For further information on our related party transactions, see “*Financial Information*” on page 74. There can be no assurance that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, financial condition and cash flows. In the event any conflict of interest arises between us, or to the extent that competing products offered by any of our related parties erode our market share, we may not be able to effectively manage any such conflict or competitive pressures and, consequently, our business, results of operation and financial condition may be adversely affected.

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

We propose to expand our business by adopting a series of strategies. For further details, see “*Our Business – Our Strategy*” on 61. Our growth depends on our ability to expand our market share and our inability to do so may adversely affect our growth prospects. Our growth strategies could place significant demand on our management and our administrative, operational and financial infrastructure. We could also encounter difficulties and delays in executing our growth strategies due to a number of factors, including, without limitation, delays in implementation, lack of appropriate infrastructure, unavailability of human and capital resources, or any other risks that we may or may not have foreseen. Our management may also change its view on the desirability of current strategies, and any resultant change in our strategies could put significant strain on our resources. Further, we may be unable to achieve any synergies or successfully integrate any acquired business into our portfolio. Any business that we acquire may subject us to additional liabilities, including unknown or contingent liabilities, liabilities for failure to comply with laws and regulations, and we may become liable for the past activities of such businesses.

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

Our business depends on our ability to successfully obtain payment from our customers of the amount they owe us for the products delivered in timely manner. Our Company generally extends the benefit of a credit period of up to ninety (90) days to its customers, however, the same is not uniform and it varies on a case to case basis. Our average credit cycle has been 52 days and 62 days in Fiscal 2020 and in the nine months ended December 31, 2020, respectively.

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

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

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

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

As of March 31, 2020, contingent liabilities disclosed in the notes to our Audited Consolidated Financial Statements aggregated ₹16,435.93 lakhs. Set forth below are our contingent liabilities that had not been provided for as of March 31, 2020:

(₹ in Lakhs)	
Particulars	As at March 31, 2020
Guarantees given by the bankers on behalf of group	233.45
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -	
- Parent	704.50
- Parent's share in Associates	15,497.98

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

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

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

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

Wage costs as well, as operating costs, in India have historically been significantly lower than wage costs and operating costs in the United States, Europe and other developed economies; and these reduced costs have been one of the sources of our competitive strengths. However, wage and operating expense increases in India may prevent us from sustaining this competitive advantage and may negatively affect our profit margins. Wages in India are increasing at a faster rate than in the developed economies, which could result in increased employee benefit expenses. We may need to continue to increase the levels of our employee compensation to remain competitive and manage attrition. Further, The Code on Wages, 2019 received the assent of the President of India on August 8, 2019 and proposes to subsume four existing laws namely, the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. The provisions of this code will be brought into force on a date to be notified by the Central Government. This may impact our wage structure and may lead to increased wage payments to employees. Additionally, the cost of operating expenses is also increasing as India continues to grow. Compensation increases manifest a hike in operational costs which may result in a material adverse effect on our business and financial condition and result of operations.

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

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

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

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

As of December 31, 2020, we employed 3,329 personnel across our operations. Although we have not experienced any material labour unrest in the past, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. These actions are impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition.

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

We could be held liable for accidents that occur at our manufacturing facilities or otherwise arise out of our operations. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our principal types of coverage include standard fire and special perils insurance policy, money insurance policy and burglary insurance policy. Apart from the above, our Company also maintains mediclaim and personal accident policies for its employees not covered under ESI.

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

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

Our Company has paid ₹73.76 lakhs as dividend to our shareholders for the Fiscal 2020. Our ability to pay dividends in future will depend on the earnings, financial condition and capital requirements of our Company. Our business is capital intensive as we are required to innovate from time to time to increase margins, which may require us to invest all or part of the profits generated by our business operations. Further, we may not be able to distribute dividends in certain circumstances such as default in payment of interest and/or principal, amongst others, based on certain of our high cost financing arrangements. While our Company has distributed dividends during Fiscal 2020 and has been paying dividend in the past, our Company may be unable to pay dividends in the near or medium-term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our projects, financial condition and results of operations. Any inability to pay dividends in the future may adversely affect the trading price of the Equity Shares of our Company. For further details, please see "Declaration and payment of Dividend" on page 75.

37. Compliance with, and changes in, environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased

liabilities and increased capital expenditures may adversely affect our cash flows, business results of operations and financial condition.

Our operations are subject to environmental, health and safety and other regulatory and/ or statutory requirements in the jurisdictions in which we operate. Our operations may generate pollutants and waste, some of which may be hazardous. We are accordingly subject to various national, state, municipal and local laws and regulations concerning environmental protection in India, including laws addressing the discharge of pollutants into the air and water, the management and disposal of any hazardous substances, and wastes and the clean-up of contaminated sites. We cannot assure you that compliance with such laws and regulations will not result in a material increase in our costs or otherwise have an adverse effect on our financial condition, cash flows and results of operations. Further, manufacturing activities in India are also subject to various health and safety laws and regulations as well as laws and regulations governing their relationship with their respective employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees and work permits. Accidents, in particular fatalities, may have an adverse impact on our reputation and may result in fines and/or investigations by public authorities as well as litigation from injured workers or their dependents.

Non-compliance with these laws and regulations, which among other things, limit or prohibit emissions or spills of toxic substances produced in connection with our operations, could expose us to civil penalties, criminal actions and revocation of key business licences. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management. As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition.

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

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

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

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

EXTERNAL RISK FACTORS

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

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

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

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

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

India has from time to time experienced social and civil unrest and terrorist attacks. These events could lead to political or economic instability in India. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. India has also experienced social unrest, Naxalite violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and trading price of our Equity Shares

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

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

Risks relating to the Equity Shares

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

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

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

Our Company will dispatch the Issue Materials to such Shareholders who have provided an address in India for the service of documents. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is a lack of clarity under the Companies Act, 2013, and the rules thereunder, with respect to the distribution of Issue Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions. However, our Company cannot assure you that the regulator would not adopt a different view with respect to compliance with the Companies Act and may subject our Company to fines or penalties.

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

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date (i.e., on or before Thursday, March 25, 2021) to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialised form (except in case of transmission or transposition of Equity Shares).

47. The R-WAP payment mechanism facility proposed to be used for this Issue may be exposed to risks, including risks associated with payment gateways.

In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/Rajapalayam>), has been instituted for making an Application in this Issue by resident Investors. Further, R-WAP is only an additional option and not a replacement of the ASBA process. On R-WAP, the resident Investors can access and fill the Application Form in electronic mode and make online payment using the internet banking or UPI facility from their own bank account thereat. For details, see "Terms of the Issue – Procedure for Application through the R-WAP" on page 109. Such payment gateways and mechanisms are faced with risks such as:

- keeping information technology systems aligned and up to date with the rapidly evolving technology in the payment services industries;
- scaling up technology infrastructure to meet requirements of growing volumes;
- applying risk management policy effectively to such payment mechanisms;
- keeping users' data safe and free from security breaches; and
- effectively managing payment solutions logistics and technology infrastructure.

Further, R-WAP is a new facility which has been instituted due to challenges arising out of COVID-19 pandemic. We cannot assure you that R-WAP facility will not suffer from any unanticipated system failure or breakdown or delay, including failure on part of the payment gateway, and therefore, your Application may not be completed or rejected. These risks are indicative and any failure to manage them effectively can impair the efficacy and functioning of the payment mechanism for this Issue. Since Application process through R-WAP is different from the ASBA process, there can be no assurance that investors will not find difficulties in accessing and using the RWAP facility.

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

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

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. As per Finance Act, 2018, long term capital gains exceeding ₹1 Lakh arising from sale of equity shares on or after April 1, 2018 is taxable. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

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

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

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

51. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchange until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in

listing the Equity Shares on Stock Exchange. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

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

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

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

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

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

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

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

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

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

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on December 21, 2020, pursuant to Section 62(1)(a) of the Companies Act, 2013.

The following is a summary of this Issue, and should be read in conjunction with and is qualified entirely by, the information detailed in “*Terms of the Issue*” on page 98.

Equity Shares proposed to be issued	Up to 12,29,360 Rights Equity Shares
Rights Entitlements	1 (One) Rights Equity Share for every 6 (Six) fully paid up Equity Shares held on the Record Date.
Fractional Entitlement	For Rights Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 6 (Six) Equity Shares or is not in multiples of 6 (Six), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any.
Record Date	Friday, March 5, 2021
Face value per Equity Share	₹10
Issue Price per Rights Equity Share	₹569
Issue Size	Up to ₹6,995.06 lakhs* *Assuming full subscription
Equity Shares issued, subscribed and paid-up prior to the Issue	73,76,160 Equity Shares of ₹10 each
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	86,05,520 Equity Shares of ₹10 each
Security Codes	ISIN: INE296E01026 BSE: 532503 ISIN for Rights Entitlement: INE296E20018
Use of Issue Proceeds	For details, see “ <i>Objects of the Issue</i> ” on page 43.
Terms of the Issue	For details, see “ <i>Terms of the Issue</i> ” on page 98.
Terms of Payment	The full amount of the Issue Price being ₹569 will be payable on application.

GENERAL INFORMATION

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

Registered Office, Corporate Identity Number and Registration Number

Rajapalayam Mills Limited

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

Telephone: +91 4563-235666

E-mail: rajacot@ramcotex.com

Website: www.rajapalayammills.co.in

Corporate Identity Number: L17111TN1936PLC002298

Registration Number: 002298

Address of the RoC

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

Registrar of Companies

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

Company Secretary and Compliance Officer

A. Arulpranavam

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

Telephone: +91 4563-235666

E-mail: investorgrievance@ramcotex.com

Statutory Auditors of our Company

M/s. N.A. Jayaraman & Co

Chartered Accountants

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

Contact Person: R. Palaniappan

Telephone: +91 98840 45687

E-mail: canajco@gmail.com

Firm Registration no.: 001310S

Peer Review No.: 012552

M/s SRSV & Associates

Chartered Accountants

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

Contact Person: P. Santhanam

Telephone: +91 98840 30009

E-mail: santhanam@srsv.pw

Firm Registration no. 015041S

Peer Review No.: 009860

Lead Manager to the Issue

Vivro Financial Services Private Limited

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

Telephone: +91-79-4040 4242;

Email: rml.rights@vivro.net

Investor Grievance Email: investors@vivro.net

Website: www.vivro.net

Contact Person: Yogesh Malpani/Mili Khamar

SEBI Registration No.: INM000010122

Statement of responsibilities

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

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.

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

Telephone: +91 22 2266 3353

E-mail: sanjay.asher@crawfordbayley.com

Registrar to the Issue

Cameo Corporate Services Limited

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

Telephone: + 91-44-28460390;

Email: priya@cameoindia.com

Website: www.cameoindia.com

Investor Grievance Email: investor@cameoindia.com

Contact Person: Ms. K. Sreepriya

SEBI Registration Number: INR000003753

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process or R-WAP process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, see “*Terms of the Issue*” on page 98.

Expert

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

Our Company has received a written consent from our Statutory Auditors, M/s. N.A. Jayaraman & Co. and M/s SRSV

& Associates, Chartered Accountants, to include their name in this Letter of Offer and as an “expert”, as defined under Section 2(38) of the Companies Act 2013, to the extent and in their capacity as statutory auditors of our Company and in respect of the inclusion of the Audited Consolidated Financial Statements and the Unaudited Consolidated Financial Statements, and the statement of special tax benefits dated February 5, 2021, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer.

Banker(s) to the Issue

HDFC Bank Limited

HDFC Bank Limited, FIG-OPS Department,
Lodha, I Think Techno Campus, 0-3 level
Next to Kanjurmarg Railway Station,
Kanjurmarg (East), Mumbai 400 042, Maharashtra, India.

Telephone: + 91-22 30752927 / 28 / 2914

Email: Siddharth.Jadhav@hdfcbank.com, Prasanna.Uchil@hdfcbank.com,
Neerav.Desai@hdfcbank.com, eric.bacha@hdfcbank.com

Website: www.hdfcbank.com

Contact Person: Siddharth Jadhav, Prasanna Uchil, Neerav Desai, Eric Bacha

SEBI Registration Number: INBI00000063

CIN: L65920MH1994PLC080618

Self-Certified Syndicate Banks

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

Issue Schedule

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

Last Date for credit of Rights Entitlements	Friday, March 12, 2021
Issue Opening Date	Monday, March 15, 2021
Last Date for On Market Renunciation of Rights Entitlements[#]	Wednesday, March 24, 2021
Issue Closing Date[*]	Tuesday, March 30, 2021
Finalization of Basis of Allotment (on or about)	Thursday, April 8, 2021
Date of Allotment (on or about)	Thursday, April 8, 2021
Date of credit (on or about)	Friday, April 9, 2021
Date of listing (on or about)	Tuesday, April 13, 2021

[#]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.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., Thursday, March 25, 2021 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., Friday, March 26, 2021.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of

Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see “*Terms of the Issue*” beginning on page 98.

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

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at <https://rights.cameoindia.com/Rajapalayam> after keying in their respective details along with other security control measures implemented there at. For further details, see “*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” beginning on page 100.

Credit Rating

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

Debenture Trustee

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

Monitoring Agency

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

Appraising Entity

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

Underwriting

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

Filing

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

Minimum Subscription

Pursuant to the SEBI Circular dated April 21, 2020, bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 granting relaxations from certain provisions of the SEBI ICDR Regulations, If our Company does not receive the minimum subscription of 75% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 15 (fifteen) days from the Issue Closing Date. However, if our Company receives subscription between 75% to 90% of the Issue Size, at least 75% of the Issue Size shall be utilized for the objects of this Issue other than general corporate purpose. If there is any delay in the

refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are “officers in defaults” will pay interest for the delayed period, at such rates as prescribed under the Companies Act, 2013.

CAPITAL STRUCTURE

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

(₹ in Lakhs, except share data)		
Particulars	Aggregate value at face value	Aggregate value at Issue Price
AUTHORISED SHARE CAPITAL		
1,50,00,000 Equity Shares of ₹10 each	1,500.00	NA
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE		
73,76,160 Equity Shares of ₹10 each	737.62	NA
PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽¹⁾		
Up to 12,29,360 Rights Equity Shares at a premium of ₹559 per Rights Equity Share, i.e., at an Issue Price of ₹569 per Rights Equity Share	122.94	6,995.06
ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE⁽²⁾		
86,05,520 Equity Shares of ₹10 each	860.55	NA
SECURITIES PREMIUM ACCOUNT		
Before the Issue		1,490.48
After the Issue ⁽²⁾		8,362.60*

⁽¹⁾The Issue has been authorised by a resolution of our Board passed at its meeting held on December 21, 2020, pursuant to Section 62 of the Companies Act, 2013 and other applicable provisions.

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

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

Notes to Capital Structure

1. Details of outstanding instruments as on the date of this Letter of Offer

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

2. Except as disclosed under the heading titled “Statement showing holding of Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2020” on page 42, no Equity Shares held by our Promoters or Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.

3. Our Promoters and Promoter Group have not acquired any Equity Shares in the last one year immediately preceding the date of filing of this Letter of Offer with Designated Stock Exchange.

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

Our Promoters and Promoter Group vide their letter dated February 5, 2021 (“**Subscription Letter**”), have indicated that they, jointly and/or severally, intend to subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars and subscribe to unsubscribed portion of the

Issue, if any.

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

5. The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of SEBI SAST Regulations is ₹697.42.
6. At any given time, there shall be only one denomination of the Equity Shares of our Company.
7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.
8. **Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchange in compliance with the SEBI Listing Regulations:**

- i. The shareholding pattern of our Company as on December 31, 2020, can be accessed on the website of the BSE at:

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

- ii. Statement showing holding of Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2020 can be accessed on the website of the BSE at:

<https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532503&qtrid=108.00&QtrName=December%202020>

- iii. Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on December 31, 2020 can be accessed on the website of the BSE at:

<https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532503&qtrid=108.00&QtrName=December%202020>

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

The details of shareholders of our Company holding more than 1% of the issued, subscribed and paid -up Equity Share capital of our Company, as on December 31, 2020 are available at <https://www.bseindia.com/stock-share-price/rajapalayam-mills-ltd/rajpalayam/532503/shareholding-pattern/>.

OBJECTS OF THE ISSUE

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

1. Modernization of our existing Open End Spinning Machines located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu (“**Modernization Project**”);
2. Setting up a new additional line of mercerization machine in our Mercerizing Division located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu (“**Mercerization Project**”); and
3. General corporate purposes.

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

Issue Proceeds

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

		(₹ in Lakhs)
Particulars		Estimated Amount
Gross proceeds to be raised through the Issue*		6,995.06
Less: Issue related expenses		69.94
Net Proceeds		6,925.12

*Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment.

Utilization of Net Proceeds and schedule of implementation

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:

							(₹ in Lakhs)
Sr. No.	Particulars	Estimated funds requirement	Funds already deployed till February 9, 2021 [^]	Amount to be deployed from Net Proceeds	Estimated deployment of Net Proceeds		
					Fiscal 2021	Fiscal 2022	
1	Modernization of our existing Open End Spinning Machines located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu	4,014.69	132.49	3,882.20	134.14	3,748.06	
2	Setting up a new additional line of mercerization machine in our Mercerizing Division located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu	1,717.75	85.77	1,631.98	208.86	1,423.12	
3	General corporate purposes	1,410.94	-	1,410.94	-	1,410.94	
Net Proceeds*		7,143.38	218.26	6,925.12	343.00	6,582.12	

[^]Based on the certificate dated February 10, 2021, of M/s. N.A Jayaraman & Co, Chartered Accountants and M/s SRSV & Associates, Chartered Accountants, our Company has deployed ₹218.26 lakhs towards Modernization Project and Mercerization Project from internal accruals. Except the funds already deployed, the balance fund requirement is proposed to be met out from the Net Proceeds of the Issue.

* Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment.

The above fund requirements are based on our current business plan, management estimates and have not been appraised by any bank or financial institution. Our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board and will not be subject to monitoring by any independent

agency. In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. 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 utilisation 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. Any further deployment of fund during the Fiscal 2021 will be met out of internal accruals of the Company till the time Issue Proceeds are available to us. Further, in case the Net Proceeds are not completely utilised in a scheduled Fiscal Year due to any reason, the same would be utilised (in part or full) in the next Fiscal Year / subsequent period as may be determined by our Company, in accordance with applicable law. For further details, please see the section titled “*Risk factors - The deployment of funds raised through this Issue shall not be subject to monitoring by any monitoring agency and shall be purely dependent on the discretion of the management of our Company.*” on page 30.

In case of any increase in the actual utilisation 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 through means available to us, including by way of incremental debt and/or internal accruals. If the actual utilisation 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 requirements of funds for the Objects of the Issue detailed above are intended to be funded from the Net Proceeds. Accordingly, our Company confirms that there is no requirement for it to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Details of the Objects of the Issue

1. Modernization of our existing Open End Spinning Machines located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu

With a view to improve productivity and modernize our existing machineries, we intend to upgrade our existing Open End Spinning Machines with automatic Rotor Spinning Machine at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. The present Open End Spinning Machines are outdated and has constraints like high power consumption, quality of yarn not matching with the customers’ expectations who are using Open End yarns for high end applications like Denim and Knitting segments, non-availability of spare parts due to discountenance of machineries by manufacturer, high failure rate of components and high maintenance cost. The proposed modernization will allow us to increase our product profile from regular Yarn to Denim and Knitting yarn. We believe that this modernization of our existing Open End Spinning Machines will help us increase our productivity, widen our product range, reduce our manpower requirement, improve our operational efficiencies and assist in the reduction of our overall operating expenses. The modernization of our existing Open End Spinning Machines will not result in any increase in our present installed capacity of yarn. For the Modernization Project, the total estimated cost is ₹4,014.69 lakhs out of which our Company has already deployed ₹132.49 lakhs from internal accruals and the remaining balance amount of ₹3,882.20 lakhs is proposed to be utilized from the Net Proceeds of the Issue.

Details of Estimated Costs

The details of the estimated costs of the Modernization Project are set forth below.

	(₹ in lakhs)
Particulars	Total estimated amount*
Civil works	323.65
Plant and machinery	3,691.04
Total	4,014.69

* the above cost includes taxes as estimated

a) Civil works

Our Company proposes to utilise an aggregate amount of ₹323.65 lakhs towards construction of blow room extension, yarn godown & ramp extension, cable and exhaust trench work and miscellaneous civil work for the proposed Modernization Project in the manner set out below:

(₹ in lakhs)				
Sr. No.	Particulars	Name of the Contractor	Work Order and Date	Amount*^
1	Construction of west side blow room extension work at RML D unit	RVP Builders	RML-CWO/0083/2021 Dated: December 21, 2020	175.63
2	Construction of Yarn Godown and existing ramp extension work at RML D unit	Adhipan Engineering Constructions Private Limited.	RML-CWO/0085/2021 Dated: December 21, 2020	109.56
3	Construction of cable and exhaust trenches and miscellaneous civil work at RML D unit	Adhipan Engineering Constructions Private Limited	RML-CWO/0084/2021 Dated: December 21, 2020	38.46
Total				323.65

*including goods and service tax

^Based on the certificate dated February 10, 2021, of M/s N.A Jayaraman & Co, Chartered Accountants and M/s SRSV & Associates Chartered Accountants, our Company has already deployed ₹28.22 lakhs towards the Civil works for the Modernization Project from internal accruals and the remaining balance is proposed to be utilized from the Net Proceeds of the Issue.

b) Plant and Machinery

Our Company proposes to utilise an aggregate amount of ₹3,691.04 lakhs towards proposed modernization of plant & machinery. The quantity of plant & machinery to be purchased is based on management estimates. We do not intend to purchase any second-hand equipment in relation the modernization of plant & machinery. We have placed the order for entire plant and machinery required for the Modernization Project. The details of the new plant and machinery proposed to be installed are as set forth below:

(₹ in lakhs)								
Sr. No.	Description of machinery	Name of the Supplier	Purchase Order & Date	Qty.	Amount (in Euro) per machinery	Amount *#^		
1.	Automatic Rotor Spinning Machine – Autocoro 9 / 456 spindles, 4 DCU, Corolab XF without waxing device	Saurer Spinning Solutions GMBH & Co. KG	PO No. RMLPUO/1204/2021 Dated: November 18, 2020	3	665,760	1,758.25		
2	Automatic Rotor Spinning Machine – Autocoro 9 / 456 spindles, 4 DCU, Corolab XF with waxing device	Saurer Spinning Solutions GMBH & Co. KG	PO No. RMLPUO/1204/2021 Dated: November 18, 2020	3	679,440	1,794.38		
3.	Bale Plucking Machine (1 Nos.), Mixing and blender	Lakshmi Machine Works Limited	PO No. RMLPUO/1272/2021	-	-	73.42		

Sr. No.	Description of machinery	Name of the Supplier	Purchase Order & Date	Qty.	Amount (in Euro) per machinery	Amount *#^
	machine - Unimix (1 Nos.), Ventilator (3 Nos.), By Pass Unit (1 Nos.) and Control Panel (1 Nos.)		Dated: November 29, 2020			
4	Blowroom dust air filtration for 2 lines, Continuous AWES for 7 Nos. C60 cards & blow room droppings collection by intermittent system – Open End Spinning	M/s VXL Systems	PO No. RMLPUO/1357/2021 Dated: December 9, 2020	1	-	32.11
5	SIEGER Yarn Conditioning Plant YCP 1200	Sieger Spintech Equipments Pvt. Ltd.	PO No. RMLPUO/1273/2021 Dated: November 29, 2020	1	-	26.85
6	ELGI Metal detector (EE-HS)	Elgi Electric And Industries Limited	PO No. RMLPUO/1274/2021 Dated: November 29, 2020	1	-	6.03
Total						3,691.04

* The above cost includes custom duty, taxes, clearing and transport charges.

#Estimated cost denominated in Euro has been converted at 1 Euro=₹88.0321 (based on prevailing foreign exchange rates dated February 9, 2021) (www.fbil.org.in)

^Based on the certificate dated February 10, 2021, of M/s N.A Jayaraman & Co, Chartered Accountants and M/s SRSV & Associates Chartered Accountants, our Company has already deployed ₹104.27 lakhs towards the procurement of Plant and Machinery for the Modernization Project from internal accruals and the remaining balance is proposed to be utilized from the Net Proceeds of the Issue.

Implementation Schedule

The proposed implementation schedule for our Modernization Project is as under:

Activities	Estimated	
	Commencement (Month, Year)	Completion (Month, Year)
Civil works	January, 2021	March, 2021
Installation of Plant and machinery	March, 2021	April, 2021
Trail production	March, 2021	April, 2021
Commercial Production	April, 2021	-

2. Setting up a new additional line of mercerization machine in our Mercerizing Division located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu

Our Company had during the year Fiscal 2018 installed a mercerization machine alongwith the supporting machines for producing mercerized yarn. At present, our Company could not achieve the full production capacity of mercerizing machine due to constraints in the capacity of hank to cone winding machines. Our existing three nos. of cone winding machines were purchased considering Ne 60/2 count pattern, whereas the majority of our orders are received for mercerized yarn for finer counts above Ne 80/2. We anticipate that there is a good market demand for our mercerized yarn. Accordingly, we intend to upgrade the hand to cone winding machines at our Mercerizing Division located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu, to achieve optimum capacity utilization of Mercerization machine. We also intend to add one more Mercerization machine alongwith incidental and ancillary machines to increase our overall Mercerization capacity to meet the increased demand. We believe that such increase in mercerizing capacity will increase our value addition in our existing product portfolio and will have better overall margin. The installation of additional mercerization machine will not result in any increase in our present installed capacity of yarn. For the Mercerization Project, the total estimated cost is ₹1,717.75 lakhs out of which our Company has already deployed ₹85.77 lakhs from internal accruals and the remaining balance amount of ₹1,631.98 lakhs is proposed to be utilized from the Net Proceeds of the Issue.

Details of Estimated Costs

Our additional Mercerization line will be set up at our existing plant building located at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. The details of the estimated costs of additional line of Mercerization machine are set forth below:

		(₹ in lakhs)
Particulars	Total estimated amount*	
Civil works	19.43	
Plant and Machinery	1,698.32	
Total	1,717.75	

* the above cost includes taxes as estimated

a) Civil works

Our Company proposes to utilise an aggregate amount of ₹19.43 lakhs towards civil works for extension of future winding for shift hank winding machines for the Mercerization Project in the manner set out below:

					(₹ in lakhs)
Sr. No.	Particulars	Name of the Contractor	Work Order and Date	Amount*	
1	Civil Work for extension of future winding for shift hank winding machines	RVP Builders	RFS-CWO/0014/2021 Dated: January 04, 2021	19.43	
Total				19.43	

*including goods and service tax

b) Plant and Machinery

Our Company proposes to utilise an aggregate amount of ₹1,698.32 lakhs towards Mercerization Project. The quantity of plant & machinery to be purchased is based on management estimates. Out of the total requirement of plant and machinery, we intend to procure drying machine on second hand (refurbished) basis which will have an estimated life of 30 years. The details of the plant and machinery proposed to be installed, are as set forth below:

(₹ in lakhs)							
Sr. No.	Description of machinery	Name of the Supplier	Purchase Order & Date / Quotation Date	Qty.	Amount (in Euro) per machinery	Amount*#^	
1.	EFI Mezzera Hank Mercerizing Machine Extensa 54"	Reggiani S.p.A	Macchine PO RMLPUO/1381/2021 Dated: December 11, 2020	No. 1	370,000	325.72	
2.	Reeling Machine HB 500	C+L Textilmaschinen GMBH	PO RMLPUO/1460/2021 Dated: December 18, 2020	No. 4	55,545	195.59	
3	Squeezing and Drying Machine for Hanks, Model ALEA (Refurbished)	Alve SRL	PO RMLPUO/1380/2021 Dated: December 11, 2020	No. 1	129,000	113.56	
4	Hank to Cone Winders having 80 spindles	M/s. Fadis S.p.A.	PO RMLPUO/1188/2021 Dated: November 16, 2020 & PO RMLPUO/1353/2021 Dated: December 9, 2020	No. 4	258,824	911.39	
5	Dyeing Accessories (for RBNVI 1400/1965 – 2 nos. & for RBNVI 1400/975 – 2 nos.) and EVO Basket-Big Carrier Loading/Unloading System	Loris Bellini SRL	PO RFSPUO/1336/2021 Dated: February 5, 2021	No. -	45,120	39.72	
6	Re Winding Machine Model PEASS VERSA C 112 Drums	Peass Industrial Engineers Private Limited.	PO RFSPUO/1166/2021 Dated: January 4, 2021	No. 5	-	112.34	
Total						1,698.32	

* The above cost includes custom duty, taxes, clearing and transport charges.

#Estimated cost denominated in Euro has been converted at 1 Euro=₹88.0321 (based on prevailing foreign exchange rates dated February 9, 2021) (www.fbil.org.in)

^Based on the certificate dated February 10, 2021, of M/s N.A Jayaraman & Co, Chartered Accountants and M/s SRSV & Associates Chartered Accountants, our Company has already deployed ₹85.77 lakhs towards the procurement of Plant and Machinery for the Mercerization Project from internal accruals and the remaining balance is proposed to be utilized from the Net Proceeds of the Issue.

Implementation Schedule

The proposed implementation schedule for our Mercerization Project is as under:

Activities	Estimated	
	Commencement (Month, Year)	Completion (Month, Year)
Civil works	April, 2021	July, 2021
Installation of Plant and machinery	July, 2021	August, 2021
Trail production	August, 2021	August, 2021
Commercial production	September, 2021	-

3. General Corporate Purposes

The remaining Net Proceeds of ₹1,410.94 Lakhs, shall be utilised towards general corporate purposes and the amount to be utilized for general corporate purposes will not exceed 25% of the Gross Proceeds. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things including but not limited to meeting our routine capital expenditure, funding our growth opportunities, strengthening marketing capabilities and brand building exercises, and strategic initiatives and any other purpose as permitted by applicable laws; subject to meeting regulatory requirements and obtaining necessary approvals / consents, as applicable.

The quantum of utilization of funds towards any of the above purposes will be determined based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Board will have flexibility in utilizing surplus amounts, if any.

Estimated Issue related expenses

The total expenses of the Issue are estimated to be approximately ₹69.94 Lakhs. The expenses of the Issue include, among others, fees of the Lead Manager, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, and marketing expenses and other expenses.

The estimated Issue expenses are as under:

Particulars	Estimated Expenses (₹ in Lakhs)	% of Estimated Issue size	% of Estimated Issue expenses
Fees of the Lead Manager	18.88	26.99	0.27
Fees of Registrar to the Issue	2.07	2.96	0.03
Fee to the legal advisor and other intermediaries	14.16	20.25	0.20
Fees payable to regulators, including depositories, Stock Exchange and SEBI	19.96	28.54	0.29
Statutory Advertising, Marketing, Printing and Distribution	8.03	11.48	0.11
Other expenses (including miscellaneous expenses and stamp duty)	6.84	9.78	0.10
Total estimated Issue expenses	69.94	100	1.00

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

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. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

Strategic and Financial Partners to the Objects of the Issue

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

Key Industry Regulations for the Objects of the Issue

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

Other Confirmations

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

Our Company does not require any material government and regulatory approvals in relation to the Objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors
Rajapalayam Mills Limited
Rajapalayam Mills Premises,
Post Box No. 1,
P.A.C. Ramaswamy Road, Rajapalayam,
Tamil Nadu – 626117

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

We hereby report that the enclosed Statement prepared by Rajapalayam Mills Limited (the “Company”) states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2020 (hereinafter referred to as “Income Tax Laws”), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

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

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

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

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

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

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

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

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

Yours faithfully,

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

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

Name: R. Palaniappan
Partner
ICAI Membership Number: 205112

Name: P. Santhanam
Partner
ICAI Membership Number: 018697

UDIN: 21205112AAAABO8462
Date: 05-02-2021
Place: Chennai

UDIN: 21018697AAAABH2476

Encl: As above

ANNEXURE 1

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

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

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

There are no special tax benefits available to the Company.

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

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

Notes:

- a. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2021-22.
- d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

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

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

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

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

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

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

Notes:

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

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

The industry related information in this chapter is derived from the website of India Brand Equity Foundation (“IBEF”) and its reports titled “Textile and Apparel – October 2020” (referred as “Textile Report”) prepared by IBEF, except for other publicly available information as cited in this chapter. Neither we nor any other person connected with the Issue has verified the information in the Textile Report or other publicly available information cited in this chapter. Further, the Textile Report was prepared on the basis of information as of specific dates which may no longer be current or reflect current trends. Opinions in the Textile Report may be based on estimates, projections, forecasts and assumptions that may prove to be incorrect. Prospective investors are advised not to unduly rely on the Textile Report.

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

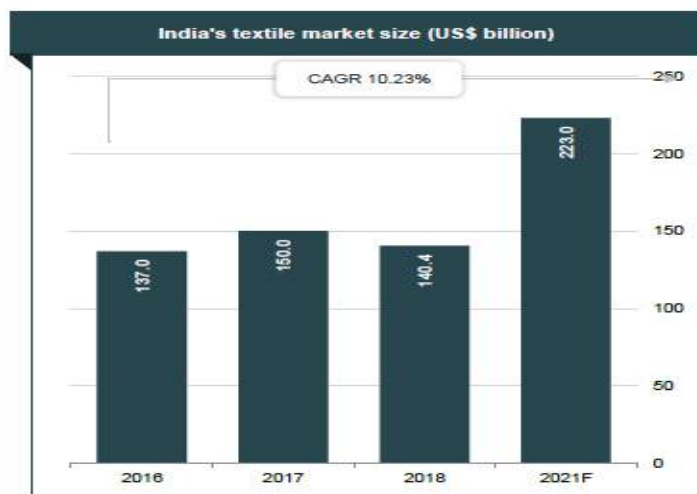
Indian Textile Industry

The Indian textile industry is one of the largest in the world with a large unmatched raw material base and manufacturing strength across the value chain. It is the 2nd largest manufacturer and exporter in the world, after China. (Source: Annual Report 2019-20, Ministry of Textile)

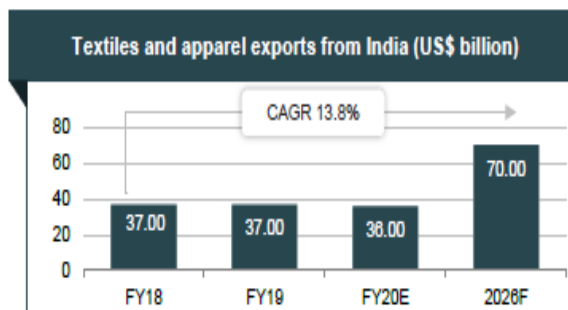
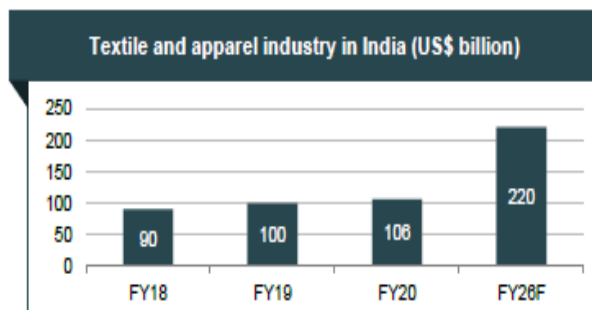
India’s textiles industry contributed 13% of the industry production in FY20. It contributed 2.3% to the GDP of India and employed more than 45 million people in FY20. The sector contributed 12% to India’s export earnings in FY20. (Source: <https://www.ibef.org>)

Market Size

The size of India’s textile market is expected to touch US\$223 billion by FY 2021, growing at a CAGR of 10.23% over FY 2016. The new textile policy aims to achieve US\$300 billion worth in textile export by FY 2025 and create an additional 35 million jobs. By FY 2022, the Indian textile sector will require additional 17 million workforce.

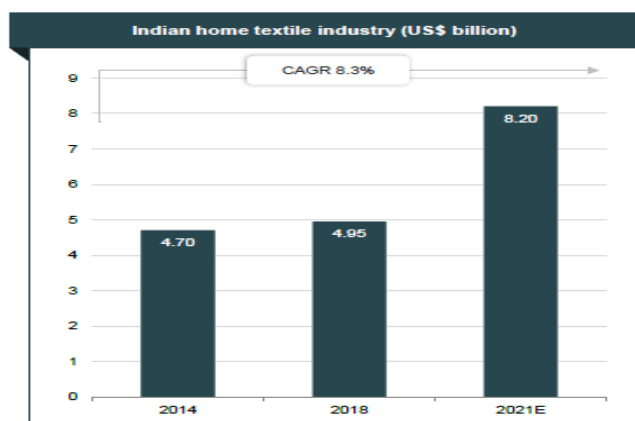


The domestic textile and apparel market is estimated at US\$106 billion in FY 2020 and has increased at a CAGR of 10% since FY 2006. Demand is expected to rise at a 12% CAGR to reach US\$220 billion by FY 2026. India’s textile and apparel export stood at US\$37.00 billion in FY 2019 and is expected to increase to US\$70.00 billion by FY26 from US\$36.00 billion in FY 2020.



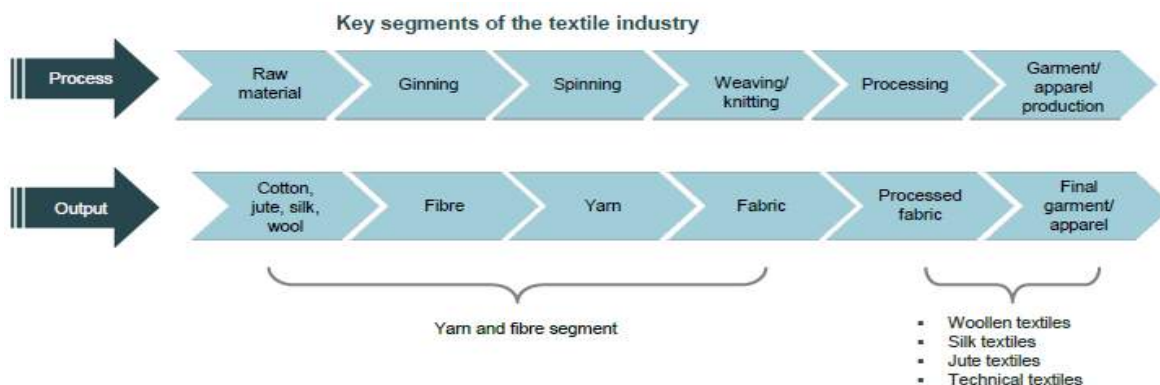
(Source: IBEF Report)

India's home textile industry is expected to expand at a CAGR of 8.3% during 2014-21 and reach US\$8.2 billion in 2021 from US\$ 4.7billion in 2014. India accounts for 7% of the global home textiles trade. Superior quality makes companies in India a leader in export –almost two-third of India's export of textiles is to US and UK. The growth in the home textiles would be supported by growing household income, increasing population and growth of end use sectors like housing, hospitality, healthcare, etc. In FY19, Indian home textile industry reached US\$4.95 billion.



(Source: IBEF Report)

Key Segments of Textile Industry



Source: Textile Ministry, Make in India

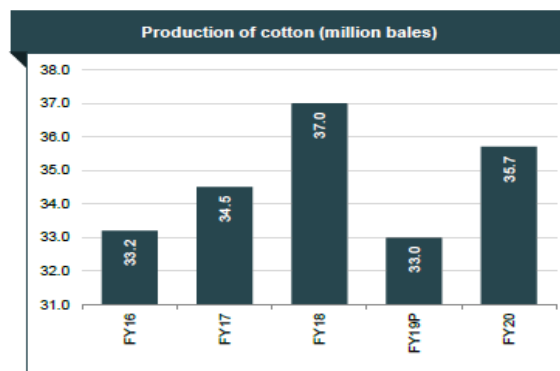
(Source: IBEF Report)

Cotton Production

Cotton is one of the most important cash crops and accounts for around 25% of the total global fibre production. In the raw material consumption basket of the Indian textile industry, the proportion of cotton is around 60%. India occupies first position in the world in cotton acreage with around 125.84 lakh hectares under cotton cultivation which is around 36% of the world area. During FY 2019-20, India's productivity was 486.33 kg/ha. India has emerged one of the largest producers, consumers and exporters of cotton in the World.

(Source: Annual Report 2019-20, Ministry of Textile)

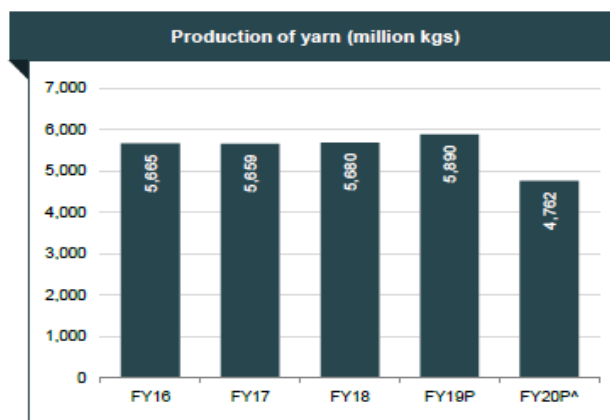
Cotton is the major segment in yarn and fabric production. Production of cotton in India grew from 33.8 million bales in FY16 to 33.7 million bales in FY19P. Cotton production in India is estimated to have reached 35.7 million bales in FY20.



(Source: IBEF Report)

Yarn

Production of yarn grew to 5,890 million kgs in FY 2019 from 5,665 million kgs in FY 2016. Yarn production was 4762 million kgs up to January 2020 in FY 2020. Cotton yarn, a major segment in FY2020, accounted for more than 54% share in yarn production.

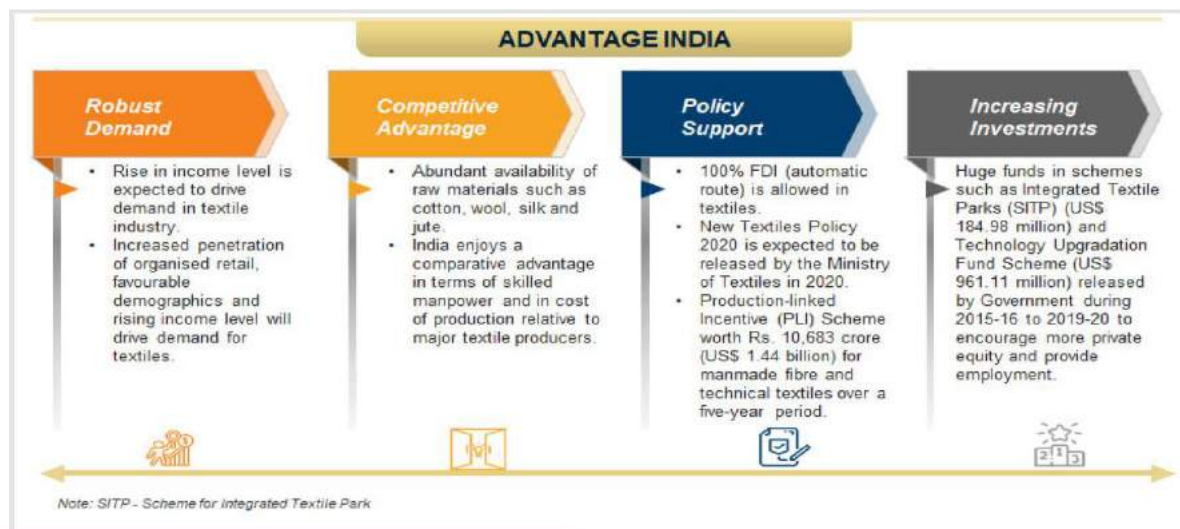


(^ Provisional up to January 2020 in FY 2020)

(Source: IBEF Report)

Advantage India

India has advantages in manufacturing and selling of textiles:



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

Government Initiatives

The GOI has come up with several policy supports for the textiles sector which will be key ingredient to growth such as:

Amended Technology Up-gradation Fund Scheme (A-TUES)	Investment was made to promote modernisation and up-gradation of the textile industry by providing credit at reduced rates. A subsidy of Rs. 6,717.18 crore (US\$ 952.93 million) was released under this scheme between FY16 and FY20.
National Textile Policy – 2000	- Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements. - New draft for this policy ensures to employ 35 million by attracting foreign investment. It also focuses on establishing a modern apparel garment manufacturing centre in every state in the Northeast for which the Government has invested an amount of US\$ 3.27 million.
FDI	Foreign direct investment (FDI) of up to 100% is allowed in the textile sector through the automatic route.
Merchandise Exports from India Scheme	The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of textiles Industry - readymade garments and made-ups - from 2% to 4%.
Scheme for Capacity Building in Textiles Sector (SCBTS)	- The Cabinet Committee on Economic Affairs (CCEA), Government of India, has approved a new skill development scheme called 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs. 1,300 crore (US\$ 202.9 million) from FY18 to FY20. - The scheme is aimed at providing a demand driven and placement-oriented

	skilling programme to create jobs in the organised textile sector and to promote skilling and skill up-gradation in the traditional sectors.
Textile Incentives	▪ The Textile Ministry of India earmarked Rs. 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernisation of Indian Textile Sector.
Government Incentives	▪ The Government of India announced a special package to boost export by US\$ 31 billion, create one crore jobs and attract investment worth Rs. 800.00 billion (US\$ 11.93 billion) during 2018-2020. ▪ The Government of India has taken several measures including A-TUFS. The scheme is estimated to create employment for 3.5 million people and enable investment worth Rs. 950.00 billion (US\$ 14.17 billion) by 2022. ▪ The Ministry of Textiles announced outlay of Rs. 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernisation of Indian textile sector. ▪ In August 2020, the Department of Promotion of Industry and Internal Trade (DPIIT) proposed incentives for the textiles sector for product diversification of the top 40 apparel and home textile goods and the top 10 technical textile goods that are traded globally. The long-term suggestion is to have an Rs. 40,000 crore (US\$ 5.47 billion) textile fund to encourage investments in the identified textile segments. The proposal is also to build coastal mega textile parks with plug and play facilities. Moreover, suggestions are also made to bring direct benefit transfer for cotton farmers—a move also suggested by the government think tank NITI Aayog.

(Source: IBEF Report)

Foreign Investment into the Sector

FDI is permitted 100% in the sector. The cumulative FDI inflow in the textiles sector stood at over US\$ 3.45 billion between April 2000 and June 2020. The textiles industry in India is experiencing a significant increase in collaboration between global majors and domestic companies. International apparel giants like Hugo Boss, Liz Claiborne, Diesel and Kanz, have already started operations in India.

(Source: IBEF Report)

Road Ahead

The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand. 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. Further, urbanization is expected to support higher growth due to change in fashion and trends.

(Source: IBEF Report & <https://www.ibef.org>)

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read "Risk Factors" on page 18, for a discussion of the risks and uncertainties related to those statements, as well as "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 74 and 78, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Audited Consolidated Financial Statements and Limited Review Interim Consolidated Financial Statements.

OVERVIEW

We are a part of the South India-based Ramco Group, incorporated in 1936 and founded by P. A. C. Ramasamy Raja. Our Company is engaged in the business of manufacturing of cotton yarn ranging from 4s to 355s (single/double yarn) and fabrics. Presently, we have four manufacturing facilities of cotton yarn and one manufacturing facility of fabric. Our spinning units are located at Rajapalayam in Virudhunagar district and Perumalpatti in Thirunelveli district of Tamil Nadu. We have also established a fabric unit based at Rajapalayam in Virudhunagar District of Tamil Nadu in which we began the commercial production in March, 2020. At present, our Company has an installed capacity of 1,33,616 spindles in Ring Spinning and 5,480 rotors in Open End Spinning. Further, our fabric unit has a capacity of 122 looms. Our Company manufactures a wide range of products like Open End yarn, Ring yarn, Compact yarn, TFO yarn, Gassed yarn, Mercerised yarn, Slub yarn, Multi Count yarn, Melange yarn. Dyed High Twist yarn, Core Spun yarn and Elitwist yarn. Our products are tailor-made to cater specific customer needs and we sell our products in domestic as well as international markets.

We are also engaged in generation of electricity from windmills. We have an aggregate installed capacity 35.15 megawatts (MW) wind power facilities which we use for our captive consumption and this helps us to control our power costs. Our wind mills are located in Dhanakkarkulam, Irukkanthurai, Uthumalai, Aralvoimozhy, Chinnaputhur, Kolumakondan, Melkaraipatti, Muthunayakkanpatti district of Tamil Nadu.

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

Our financial performance

Our financial performance, on consolidated basis, for the nine months period ended on December 31, 2020 and December 31, 2019 and for the Fiscal 2020 and Fiscal 2019 are summarized below:

		(in ₹ lakhs)			
Particulars		Nine months ended on December 31, 2020*	Nine months ended on December 31, 2019*	Fiscal 2020 (Audited)	Fiscal 2019 (Audited)
Revenue from operation		27,477.00	26,933.00	35,782.22	41,621.83
EBITDA		12,315.41	11,124.21	14,669.34	15,659.66
Net Profit after Tax (before OCI)		6,878.72	7,121.12	9,206.79	10,447.49

*Limited reviewed and unaudited.

OUR STRENGTHS

- Established market presence in finer count yarn segment

Our Company was the first textiles venture of Ramco Group's incorporated in 1936. We specializes in manufacturing yarn of finer counts ranging from 4s to 355s (single/double yarn), besides other value-added products like slub,

mercerised, melange and gassed yarn and enjoys an established market presence in the same driven by long-standing relationship with our customers. Further, our forward integration into fabric manufacturing with installed capacity of 122 looms in Fiscal 2020 has further strengthen our market presence.

- **Extensive experience of Management Team**

The Board of Directors of our Company have a proven background and rich experience in the Textile industry. Our Chairman, P R Venketrama Raja has been on the Board of our Company since 1986 and has more than 3 decades of industrial experience with specific knowledge in textile industry. Also, our Managing Director R. Sudarsanam has been on the Board of our Company since 1996 and has rich experience in the textile industry. Further, our Company is managed by a team of experienced personnel having operational and business development experience. We believe that our management team's experience and their understanding of the textile industry will enable us to continue to take advantage of both current and future market opportunities and help us in addressing and mitigating various risks inherent in our business, including significant competition, the global crisis ensued as a result of the COVID 19 pandemic and fluctuations in raw cotton prices.

- **Established Marketing Setup**

Our Company has been producing cotton yarns since 1938. Over the years we have established a strong customer base. Our Company has sufficient marketing expertise and marketing network across India and in international markets. As on January 31, 2021, we have a total of 99 marketing agents out of which 71 are located in India and the rest spread across Austria, Bangladesh, Egypt, Honk Kong, Italy, Japan, Portugal, Singapore, South Korea, Sri Lanka, Taiwan, Turkey and United States of America, We market our products to fabric manufacturers and garment manufacturers.

- **Captive Power Plant**

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

OUR STRATEGIES

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

- **Expansion of our existing production capacity**

Our Company presently has an installed capacity of 1,33,616 spindles in Ring Spinning and 5,480 rotors in Open End Spinning. As a part of our expansion strategy, our Board has decided to expand the Ring Spinning capacity from 1,33,616 spindles to 1,51,760 spindles, an increase of 18,144 spindles in our spinning division. Our Company is currently operating its spinning division at more than 95% capacity and with the proposed addition of spindles we believe we will be able to meet the increase demand of our customer's for fine / superfine counts yarn in both domestic and export market. Further, our fabric unit has a capacity of 122 looms. Our Board has also approved installation of 22 additional looms in fabric division. We believe that, there is increased demand of fabric and the proposed addition of looms will help us to meet the increase demand of our fabric customer's. Our Company has estimated a capital outlay of approx. ₹8,069 lakhs for both spinning and fabric division to be met out of internal accruals and bank borrowings.

- **Modernization of existing machinery**

We intend to improve our productivity and widen our product range by modernising our existing yarn manufacturing machinery. For this purpose, we intend to upgrade our existing Open End Spinning Machines with automatic Rotor

Spinning Machine at our existing location at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. Our majority of Open End Spinning Machines are outdated and has constraints like high power consumption, the quality of yarn not matching with the customers' expectations who are using Open End yarns for high end applications like Denim and Knitting, non-availability of spare parts due to discountenance of machineries by manufacturer, high failure rate of components and high maintenance cost. The intended modernization will allow us to increase our product profile from regular Yarn to Denim and Knitting yarn. We believe that this modernization of our existing Open End Spinning Machines will help us to increase our productivity, widen our product range, reduce our manpower requirement, improve our operational efficiencies and assist in the reduction of our overall operating expenses. We intend to fund our Modernization Project through the Net Proceeds of the Issue. For further details, please see "Modernization Project - Objects of the Issue" on page 43 of this Letter of Offer.

- **Focus on value added products**

Our Company will continue to focus more on production of value added products like Mélange yarn, Mercerised yarn, Multi Count yarn and Twist yarn, Core Spun yarn, Elitwist yarn etc. The Company proposes to install additional mercerization machinery to increase the volume of Mercerised yarn. The value added products normally command higher pricing and better margins, which would in turn have a positive impact on our profitability. Further, our Company has also started producing yarn on a made-to-order basis to provide customised yarns as per the customer's specifications thereby delivering more value to our customers. We intend to fund our additional line of mercerisation machine through the Net Proceeds of the Issue. For further details, please see "Mercerization Project - Objects of the Issue" on page 43 of this Letter of Offer.

- **Achieve Operational Excellence**

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

- **Strengthening our global presence**

Through a combination of increased capacities, reduced costs, wider range of products adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, we intend to strengthen our global presence and become a key supplier of yarn and fabric in international markets. As on March 31, 2020, ~29 % of our Revenue from Operation was on account of export sales of yarn in international markets like Japan, Italy, Portugal and Turkey. We intend to further strengthen our presence in international market like Japan and Europe etc.

LOCATION OF OUR BUSINESS

- **Registered Office**

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

- **Properties**

Our properties are located at below mentioned addresses:

No	Address	Description	Purpose for which the property is utilised	Property type
1	Survey No. SF NO. 244 to 247 and 250 to 253, Door No. / Plot No. D.NO.210, Samusigapuram Road, Rajapalayam, Rajapalayam Taluk, Virudhunagar District – 626117, Tamil Nadu	Rajapalayam Mills Limited (A, B and C Unit)	Manufacturing of Cotton yarn	Owned
2	Survey No. 250/2, Samusigapuram Road, Rajapalayam, Rajapalayam Taluk, Virudhunagar District – 626117, Tamil Nadu	Rajapalaiyam Spintext, (A division of Rajapalayam Mills Limited)	Manufacturing of Cotton yarn	Owned
3	Survey No. 341, 342/2, 347/1, 348/10, 349/1, 350/1, 4, 5A, 5B, 5C, 5D, 5E, Door No. / Plot No. 341, 342/2, 347/1, 348/10, 349/1, 350/1, 4, 5A, 5B, 5C, 5D, 5E, Perumalpatti, Sankarankovil, Thirunelveli, Sankarankovil – Tik Taluk, Thirunelveli District – 627753, Tamil Nadu	Rajapalaiyam Textiles, (A division of Rajapalayam Mills Limited)	Manufacturing of Cotton yarn	Owned
4	Survey No. 4 and 5, Ward-J, Andalpuram, K.R. Nagar post, Rajapalayam, Rajapalayam Taluk, Virudhunagar District – 626108, Tamil Nadu	Rajapalayam Mills Limited (D Unit)	Manufacturing of Cotton yarn	Owned
5	Survey No.: S.Nos: 58/4P, Ward I, Block No. 13, SF 291, 292, 293, 297P, 298/2P, 298/3A, 298/3BP, 299/3A, 299/3B, 299/3C, 299/3D, 299/3EP, 300/2 P, 300/3P, 305/2AP and 305/2BP, P.A.C. Ramasamy Raja Salai, Post Box No. 1, Rajapalayam, Rajapalayam Taluk, Virudhunagar District – 626117, Tamil Nadu.*	Rajapalayam Mills Limited – Fabric division	Manufacturing of Fabric	Partly Owned and partly leased *
6	Survey No. 16 & 65, Gopinenipalem Village, Vatsavai Mandal, Krishna District – 521190, Andhra Pradesh	Rajapalayam Mills Limited	#	Owned

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

#Presently no manufacturing activity is carried on at this property.

We also own the land on which our windmills are situated.

PLANT AND MACHINERY

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

EXISTING INSTALLED CAPACITY

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

Type	Installed Capacity as on March 31, 2020	Production (Per year) for Fiscal 2020	Utilisation approx. (%)
Yarn - Ring Spinning^	1,33,616 Nos. of spindles	69.96 lakh kilograms	95%
Yarn - Open End Rotor Spinning*	5,480 Nos. of rotors	51.82 lakh kilograms	68%
Fabric	122 Nos. of looms	#	#

^Our Company had a permission of total installed capacity of 1,56,800 spindles out of which 6,000 spindles have been sold and 17,184 spindles was for a project which was not implemented. Therefore, the present installed capacity is 1,33,616 spindles.

**Our Company had a permission of total installed capacity of 5,616 rotors out of which 136 rotors have been sold and the present installed capacity is 5,480 rotors.*

#Our Company started the commercial production of Fabric on March 22, 2020. However, on account of lock down due to Covid 19 pandemic, the production and capacity utilization was negligible and does not reflect the correct position and hence it is not disclosed.

PRODUCTS MANUFACTURED

Our Company is engaged in the business of manufacturing cotton yarns and fabric. We produce yarns from cotton, Lenzing Modal, Micro Modal, Tencel and Micro Tencel fibres. The different types of cotton yarns manufactured by our Company and their respective count ranges are listed below:

Yarn Type	Count Range
Open End Yarn	6s to 24s
Ring Yarn	20s to 80s
Compact Yarn	30s to 345s
Elitwist Yarn	2/40s to 2/200s
High Twist Yarn	30s to 2/140s
TFO Yarn	2/30s to 3/345s
Mercerised Yarn	30s to 2/160s
Gassed Yarn	2/30s to 3/355s
Slub Multicount Yarn	20s to 80s
Yarn in soft package (ready for dye)	30s to 2/120s
Melange Yarn	20s to 100s
Core Spun Yarn	16s to 80s
Model Tencel Yarn	20s to 80s
Organic Cotton Yarn	20s to 80s
Dyed Yarn	30s to 3/300s

Further, the different types of fabrics produced is mentioned below:

- Jacquard fabric;
- Yarn dyed fabric and
- Grey fabric

MANUFACTURING PROCESS

- For Yarn

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

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

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

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

Drawing: The Combed Slivers are fed to drawing machine. This machine mainly parallelizes the Combed Sliver fiber.

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

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

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

- For Fabric

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

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

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

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

OUR CUSTOMERS

We market and sell our products to fabric and garment manufacturers in domestic as well as international markets.

MANPOWER

Textile industry is a labour intensive industry and as of December 31, 2020, we employ 3,329 number of employees.

COMPETITION

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

OUR MANAGEMENT

Our Board of Directors

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than three Directors and not more than twelve Directors. As on the date of this Letter of Offer, our Board comprises of 12 (Twelve) Directors, of which 1 (One) is an executive director, 6 (Six) are independent directors and 5 (Five) are non-executive directors. The Board has 3 women directors. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

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

Sr. No.	Name, Address, Occupation, DIN, Period of Directorship, Term, Nationality and date of birth	Age (in years)	Other Directorships	
1.	P R Venketrama Raja Address: No.142, Santhome High Road, Raja Annamalaipuram, Chennai, Tamil Nadu - 600 028. Designation: Chairman (Non- Executive Director) Occupation: Industrialist DIN: 00331406 Current Term: Liable to retire by rotation Period of Directorship: Director since April 25, 1986 Date of Birth: May 14, 1959 Nationality: Indian	61	i	Ramco Cements Limited;
			ii	Ramco Systems Limited;
			iii	Ramco Industries Limited;
			iv	Ramaraju Surgical Cotton Mills Limited;
			v	Sri Vishnu Shankar Mills Limited;
			vi	Sandhya Spinning Mill Limited;
			vii	Sri Sandhya Farms (India) Private Limited;
			viii	RCDC Securities and Investments Private Limited;
			ix	Nirmala Shankar Farms and Estates Private Limited;
			x	Ram Sandhya Farms Private Limited;
			xi	Rajapalayam Textile Limited;
			xii	Ramamandiram Agricultural Estate Private Limited;
			xiii	Lynks Logistics Limited;
			xiv	Ramamandiram Management Consultancy Private Limited;
			xv	Ramco Management Private Limited; and
			xvi	Rajapalayam Chamber of Commerce And Industry
2.	R. Sudarsanam Address: 1616/642, Thenkasi Road, Virudhunagar, Rajapalaiyam, Tamil Nadu - 626 117 Designation: Managing Director (Executive Director) Occupation: Industrialist DIN: 00433926 Current Term: Three years effective from April 1, 2020	79	i	Sandhya Spinning Mill Limited;
			ii	Sudarsana Farms Private Limited;
			iii	Rajapalayam Farms Private Limited;
			iv	Sri Sandhya Farms (India) Private Limited;
			v	Sri Saradha Deepa Farms Private Limited;
			vi	Ramamandiram Agricultural Estate Private Limited;
			vii	Nalina Agricultural Farms Private Limited;
			viii	Nirmala Shankar Farms & Estates Private Limited;
			ix	Sri Nithyalakshmi Farms Private

Sr. No.	Name, Address, Occupation, DIN, Period of Directorship, Term, Nationality and date of birth	Age (in years)	Other Directorships	
	Period of Directorship: Director since June 24, 1996 Date of Birth: October 26, 1941 Nationality: Indian		x	Limited; Ram Sandhya Farms Private Limited;
			xi	Ramco Private Limited;
			xii	Rajapalayam Textile Limited;
			xiii	Ramco Management Private Limited;
			xiv	RCDC Securities and Investments Private Limited; and
			xv	JKR Enterprises Limited
3.	P V Nirmala Raju Address: No.142, Santhome High Road, Raja Annamalaipuram, Chennai, Tamil Nadu - 600 028. Designation: Non-Executive Director Occupation: Industrialist DIN: 00474960 Current Term: Liable to retire by rotation Period of Directorship: Director since April 24, 2019 Date of Birth: February 2, 1966 Nationality: United States of America	55	i.	Sandhya Spinning Mill Limited;
			ii.	Sound Investment and Leasing Private Limited; and
			iii.	Barefoot Dance Company India Private Limited
4.	S. S. Ramachandra Raja Address: 6/58, P.S.K. Nagar, Rajapalayam, Virudhunagar, Kumarasamy Raja Nagar, Tamil Nadu, - 626 108 Designation: Non-Executive Director Occupation: Industrialist DIN: 00331491 Current Term: Liable to retire by rotation Period of Directorship: Director since June 24, 1992 Date of Birth: September 4, 1935 Nationality: Indian	85	i.	Ramco Industries Limited;
			ii.	Sri Vishnu Shankar Mill Limited;
			iii.	Ramco Management Private Limited;
			iv.	Sri Sethu Ramasamy Farms Private Limited;
			v.	Sudharsanam Investments Limited; and
			vi.	Rajapalayam Chamber of Commerce and Industry
5.	N K Ramasuwami Raja	77	i.	Madras Chipboard Limited;

Sr. No.	Name, Address, Occupation, DIN, Period of Directorship, Term, Nationality and date of birth	Age (in years)	Other Directorships
	Address: 01, Alagainagar, PACR Salai, Rajapalayam, Virudhunagar, Tamil Nadu-626117. Designation: Independent Director Occupation: Industrialist DIN: 00432698 Current Term: Five years with effect from April 1, 2019 up to March 31, 2024 Period of Directorship: Director since July 16, 1980 Date of Birth: June 10, 1943 Nationality: Indian		ii. Sri Harini Textiles Limited; iii. Digvijai Polytex Private Limited; iv. Ramco Agencies Private Limited; and v. Rajapalayam Chamber Of Commerce and Industry
6.	Arrakundal Velayutha Raja Dharmakrishnan Address: Flat No.3A, Coral Reef Apartments, No.9, Cenotaph 1st Street, Teynampet, Chennai, Tamil Nadu - 600018 Designation: Non-Executive Director Occupation: Professional DIN: 00693181 Current Term: Liable to retire by rotation Period of Directorship: Director since January 16, 2008 Date of Birth: January 25, 1957 Nationality: Indian	64	i. Ramco Industrial and Technology Services Limited (formerly Ontime Industrial Services Limited); ii. Ramco Systems Limited; iii. Ramco Windfarms Limited; iv. Madurai Trans Carrier Limited; v. Sri Harini Media Limited; vi. Lynks Logistics Limited; and vii. L3 Enterprises Private Limited
7.	P. P. S. Janarthana Raja Address: Flat Gb, 7/13, Ponmari Towers, Montieth Lane, Near Hotel Ambassador Pallava, Egmore, Chennai, Tamil Nadu – 600 008 Designation: Independent Director	70	i. The Ramaraju Surgical Cotton Mills Limited; ii. Ramco Systems Limited; iii. Lynks Logistics Limited; and iv. Muthialpet Higher Secondary School

Sr. No.	Name, Address, Occupation, DIN, Period of Directorship, Term, Nationality and date of birth	Age (in years)	Other Directorships	
	Occupation: Professional DIN: 06702871 Current Term: Five years with effect from April 1, 2019 up to March 31, 2024 Period of Directorship: Director since October 28, 2013 Date of Birth: January 21, 1951 Nationality: Indian			
8.	Vaidyanathan Santhanaraman Address: New No.6, Old No.14, Sridevi Colony, Near 7th Avenue Titan Showroom, Ashok Nagar, Chennai 600 083. Designation: Independent Director Occupation: Professional DIN: 00212334 Current Term: Five years with effect from April 1, 2019 up to March 31, 2024 Period of Directorship: Director since December 27, 2013 Date of Birth: August 6, 1949 Nationality: Indian	71	i	The Ramaraju Surgical Cotton Mills Limited; and
			ii	Ramco Industries Limited
9.	Kokku Bhaskara Nagendra Murthy Address: Flat No. 406, Luxor Heights, Plot No. 1, 2 & 3, Puppalaguda, Manikonda Post, Puppalaguda, K.V. Rangareddy, Telangana - 500 089. Designation: Independent Director Occupation: Professional DIN: 00359864 Current Term: Five years with effect from August 4, 2019 up to August 3, 2024 Period of Directorship: Director since August 4, 2014	70	i	Sri Kannapiran Mills Limited; and
			ii	JKR Enterprise Limited

Sr. No.	Name, Address, Occupation, DIN, Period of Directorship, Term, Nationality and date of birth	Age (in years)	Other Directorships	
	Date of Birth: July 22, 1950			
	Nationality: Indian			
10.	Soundara Kumar Address: B2/5, Gem Nirmalyam, Kattabomman Street, Ganapathy, Coimbatore-641006 Designation: Independent Director Occupation: Professional DIN: 01974515 Current Term: Five years with effect from August 27, 2020 up to August 26, 2025 Period of Directorship: Director since August 27, 2015 Date of Birth: August 15, 1954 Nationality: Indian	66	i ii iii iv v vi	Ramco- Systems Limited; Shanthi Gears Limited; Sundaram Trustee Company Limited; Tamilnadu Newsprint and Papers Limited; Bank of Baroda; and Carborundum Universal Limited
11.	P V Abinav Ramasubramaniam Raja Address: 142, Santhome High Road, Raja Annamalaipuram, Chennai, Tamil Nadu - 600 028. Designation: Non-Executive Director Occupation: Industrialist DIN: 07273249 Current Term: Liable to retire by rotation Period of Directorship: Director since February 11, 2017 Date of Birth: July 21, 1993 Nationality: Indian	27	i ii iii iv v vi	Lynks Logistics Limited; Ramco Systems Limited; Ramco Industries Limited; Ramamandiram Management Consultancy Private Limited; RCDC Securities and Investments Private Limited; and L3 Enterprises Private Limited
12.	Alaghar Rajha P A S Address: New No.13, Old No.50, P.S.K. Nagar, Virudhanagar, Kumarasamy Raja Nagar – 626 108. Designation: Independent Director	45	i ii iii	Rajapalayam Textile Limited; Sri Vishnu Shankar Mills Limited; and Tirupathi YarnTex Spinners Private Limited

Sr. No.	Name, Address, Occupation, DIN, Period of Directorship, Term, Nationality and date of birth	Age (in years)	Other Directorships
	Occupation: Industrialist		
	DIN: 00487312		
	Current Term: Five years with effect from February 11, 2017		
	Period of Directorship: Director since February 11, 2017		
	Date of Birth: February 6, 1976		
	Nationality: Indian		

Confirmations

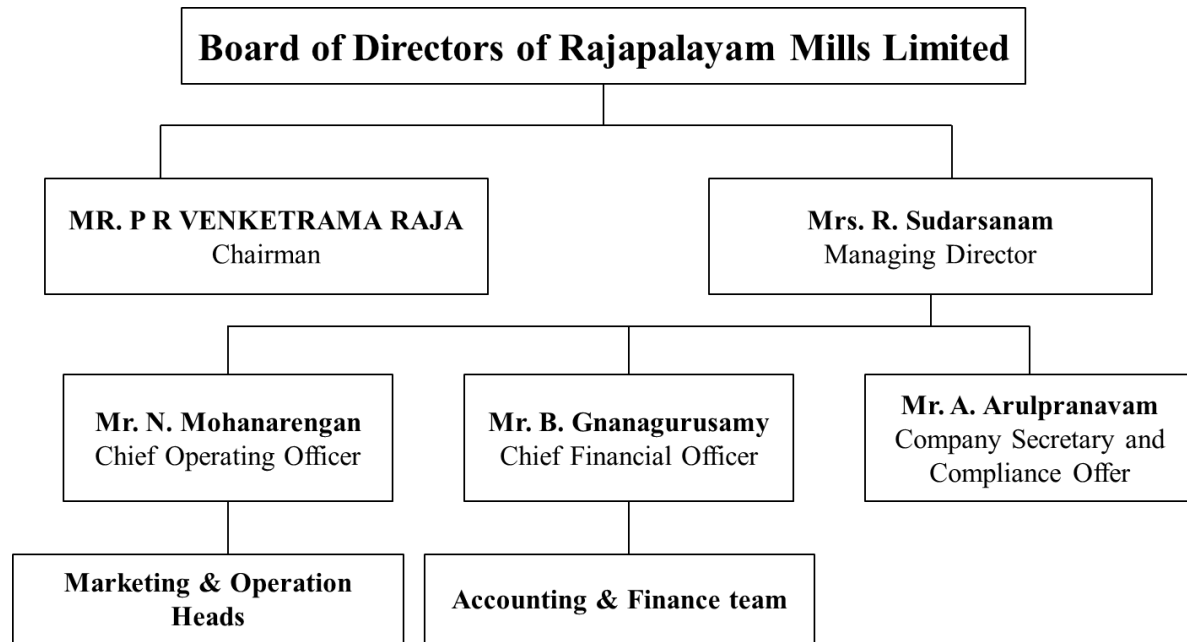
None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

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

Our Key Management Personnel and Senior Management Personnel

Sl. No.	Name of key management personnel and senior management personnel	Designation
1.	R. Sudarsanam	Appointed as Managing Director on July 1, 2002
2.	B Gnanagurusamy	Appointed as Chief Financial Officer on May 25, 2014
3.	Arul Pranavam A	Appointed as Company Secretary and Compliance Officer on June 1, 2014
4.	N. Mohanaregan	Appointed as Chief Operating Officer on April 1, 2018
5.	K. Murugesapillai	Appointed as Vice President-Fabrics on April 1, 2018

Current Organisational Structure



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page No.
1.	Limited Review Interim Unaudited Consolidated Financial Statements for the nine-month period ended December 31, 2020	F1 to F5
2.	Audited Consolidated Financial Statements as at and for the year March 31, 2020	F6 to F102

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

The Board of Directors of RAJAPALAYAM MILLS LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited financial results of **RAJAPALAYAM MILLS LIMITED** ("The Company") and its share of net profit after tax and total comprehensive income of its associates for the quarter ended 31st December, 2020 and year to date from 1st April 2020 to 31st December 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'), read with Circular No. CIR/CFD/CMD1/44/2019 dated 29th March 2019 and Circular No. CIR/CFD/CMD1/80/2019 dated 19th July 2019.
2. This Statement which is the responsibility of the Company's management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" (Ind AS 34), prescribed under Section 133 of the Companies Act, 2013 as amended read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review of Interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

4. The Statement includes the results of the following Associates:

- a) The Ramco Cements Limited
- b) Ramco Industries Limited
- c) Ramco Systems Limited



5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying statements, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard ("Ind AS") specified under Section 133 of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. The consolidated unaudited financial results also include the Company's share of net profit after tax of Rs. 3,600 Lakhs and Rs. 10,056 Lakhs and total comprehensive income of Rs. 3,744 Lakhs and Rs. 10,167 Lakhs for the quarter ended 31st December 2020 and for the period from 1st April 2020 to 31st December 2020 respectively, as considered in the consolidated unaudited financial results in respect of three associates. Out of this, the interim financial results of two associates have been reviewed by one of us as joint auditor and one associate has been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these associates is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above. Our conclusion on the Statement is not modified in respect of these matters.

For N.A. JAYARAMAN & Co.,
Chartered Accountants
Firm Regn. No 0013105

R. Palaniappan

R. Palaniappan
Partner
Membership No. 205112
UDIN No. 21205112-AAAA-BG4914

Place: Chennai
Dated: 4th February 2021



For SRSV & Associates
Chartered Accountants
Firm Regn. No 0150415

P. Santhanam

P. Santhanam
Partner
Membership No. 018697
UDIN No. 21018697-AAAA-BB7752





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

STATEMENT OF UN-AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER / NINE MONTHS ENDED 31ST DECEMBER 2020

Sl. No.	Particulars	(₹ in Lakhs)					
		Quarter ended			Nine Months ended		Year ended
		31-12-2020 (Un-Audited)	30-09-2020 (Un-Audited)	31-12-2019 (Un-Audited)	31-12-2020 (Un-Audited)	31-12-2019 (Un-Audited)	31-03-2020 (Audited)
1	a. Revenue from Operations						
	Sale of Products	12,052	10,688	7,680	27,221	26,524	35,233
	Other Operating Income	172	42	120	256	409	550
	b. Other Income	98	118	218	284	392	852
	Total Revenue	12,319	10,848	8,018	27,761	27,325	36,635
2	Expenses						
	a. Cost of Materials Consumed	5,344	5,102	4,570	12,586	15,145	19,590
	b. Purchases of Stock-in-Trade	206	125	183	531	523	846
	c. Change in Inventories of Finished Goods, Work In progress and Stock-in-Trade.	1,267	1,494	(938)	3,064	(1,595)	(1,855)
	d. Employee Benefit Expenses	1,561	1,468	1,422	4,154	4,387	5,719
	e. Finance Cost	1,092	1,127	575	3,423	1,864	2,587
	f. Depreciation and Amortisation Expenses	1,204	1,197	831	3,574	2,579	3,385
	g. Power & Fuel	960	241	1,245	1,217	1,931	2,787
	h. Other Expenditure	1,560	1,382	1,230	3,950	3,749	5,215
	Total Expenses	13,214	12,136	9,118	32,499	28,583	38,274
3	Profit / (Loss) from ordinary activities before tax (1-2)	(895)	(1,288)	(1,100)	(4,738)	(1,258)	(1,639)
4	Tax Expenses						
	- Current Tax	-	-	-	-	-	-
	- Deferred Tax [Including MAT Credit]	(312)	(450)	(423)	(1,560)	(439)	(509)
5	Net Profit / (Loss) for the period before share of profit of Associates (3-4)	(583)	(838)	(677)	(3,178)	(819)	(1,130)
6	Share of Net Profit of Associates, net of tax	3,600	4,190	1,700	10,086	7,940	10,337
7	Profit for the period (5+6)	3,017	3,352	1,023	6,908	7,121	9,207
8	Other Comprehensive Income, net of tax	0	0	0	0	0	(31)
9	Share of OCI of Associates, net of tax	144	(32)	82	111	96	(63)
10	Total Comprehensive Income after tax for the period (7+8+9)	3,161	3,320	1,105	6,989	7,217	9,113
11	Paid-up Equity Share Capital (Face Value of a Share ₹ 10/- each)	736	736	736	736	736	736
12	Other Equity				1,85,060	1,76,248	1,78,144
13	Net Worth				1,85,796	1,76,984	1,78,880
14	Basic & Diluted Earnings per share of ₹ 10/- each (In ₹) (Not Annualized)	41	46	14	93	97	125



M. M. K. - H. M.

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED

(₹ in Lakhs)

Particulars	Quarter ended			Nine Months ended		Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
1. Segment Revenue (Net Sales / Operating Income)						
a) Textiles	12,224	10,730	7,800	27,477	26,933	35,783
b) Wind Mills	668	1,642	413	3,316	3,404	3,976
	12,892	12,372	8,213	30,793	30,337	39,759
Less: Inter Segment Revenue	668	1,642	413	3,316	3,404	3,976
Total Income From Operations (Net)	12,224	10,730	7,800	27,477	26,933	35,783
2. Segment Results Profit/(Loss) Before Finance Cost & Tax						
a) Textiles	(139)	(1,355)	(572)	(3,461)	(1,511)	(1,748)
b) Wind Mills	304	1,157	12	2,042	2,006	2,279
c) Unallocated Items	32	37	35	104	111	417
	197	(161)	(525)	(1,315)	606	948
Less:						
Finance Cost - Unallocable Expenditure	1,092	1,127	575	3,423	1,864	2,507
Profit / (Loss) Before Tax	(895)	(1,288)	(1,100)	(4,738)	(1,258)	(1,639)
3. Capital Employed (Segment Assets (-) Segment Liabilities)						
a) Textiles	68,176	67,534	71,899	68,176	71,899	73,260
b) Wind Mills	5,632	5,737	6,049	5,632	6,049	5,945
c) Unallocated Items	1,11,988	1,09,363	99,036	1,11,988	99,036	99,675
Total	1,85,796	1,82,634	1,76,984	1,85,796	1,76,984	1,78,880



M. M. K. - H. ay

Notes:

- 1) The above consolidated un-audited results were reviewed by the Audit Committee and approved by the Board of Directors at their respective Meetings held on 04-02-2021. The Statutory Auditors have carried out a limited review of the above results.
- 2) The Consolidated financial results have been prepared in accordance with Ind AS 110 read with Ind AS 29. The consolidated results include the standalone results of parent Company (Rajapalayam Mills Limited) and its Associates viz., The Ramco Cement Limited, Ramco Industries Limited and Ramco Systems Limited.

3) Key standalone financial information

Particulars	Quarter ended			Nine Months ended		Year ended
	31-12-2020	30-09-2020	31-12-2019	31-12-2020	31-12-2019	31-03-2020
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Audited)
Total Revenue	12,319	10,848	8,018	27,761	28,359	38,406
Net Profit before tax	(895)	(1,288)	(1,100)	(4,738)	(224)	132
Net Profit after tax	(582)	(838)	(677)	(3,177)	215	641

(₹ in Lakhs)

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

- 4) Other Comprehensive income comprise of Gain / Loss on recognition and measurement of fair value of equity investment held in listed / unlisted entity except in associate Company for respective reporting periods. Figures for the Quarter ended December, 2020 : ₹ 0.26 Lakhs and Quarter ended December, 2019 : ₹ 0.24 Lakhs shown as zero because of rounding off in ₹ Lakhs.
- 5) As per Section 115BAA of the Income Tax Act, 1961, the Company has an Irrevocable option of shifting to a lower tax rate and simultaneously forgo certain tax incentives, deductions and accumulated MAT credit. The Company has not exercised this option for the financial year 2020-21 in view of the benefits available under the existing tax regime.
- 6) The Central Government has published The Code on Social Security, 2020 and Industrial Relations Code, 2020 ("the codes") in the Gazette of India, interalia, subsuming various existing labour and industrial laws which deals with employees including post employment period. The effective date of the code and the rules are yet to be notified. The impact of the legislative changes if any will be assessed and recognised post notification of relevant provisions.
- 7) The Previous period figures have been re-grouped / re-stated wherever necessary.

CHENNAI
04-02-2021



For RAJAPALAYAM MILLS LIMITED,

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

INDEPENDENT AUDITORS' REPORT

To the Members of M/s. Rajapalayam Mills Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the Consolidated financial statements of RAJAPALAYAM MILLS LIMITED ("the Company"), and the share of profits and total comprehensive income of its associates comprising of the consolidated balance sheet as at 31st March 2020, the consolidated statement of profit and loss, the consolidated statement of cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information ("the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company as at March 31, 2020, and the consolidated profit / loss, and its consolidated cash flows for the year ended and consolidated changes in the equity on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note No. 51 to the consolidated financial results, which describes the uncertainties and the impact of the COVID - 19 pandemic on the company's operations and results as assessed by the management. The Management has assessed that consequent lockdown announced by Central / State Governments, the demand for Cotton has come down and the cotton

prices have fallen by more than 20%. Due to the reduction in the market price of Cotton, a provision for Mark To Market Loss of Rs. 218.34 Lakhs in the carrying cost of Cotton inventory has been made in the financial statements. Other than the above there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID-19 pandemic. Our opinion is not modified in respect of this matter.

The auditors of respective companies have reported an Emphasis of matter in this regard in their reports of the respective companies. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

S. No.	Key Audit Matter	Auditor's Response
I	Adoption of Ind AS 116 Leases The Company has adopted Ind As 116 with effect from 1st April 2019 using Modified Retrospective Approach. The application and transition to this new accounting standard is complex and involves significant judgment and estimates made by the management which includes measuring of liability for all leases. The company has adopted the Modified Retrospective Approach method for transition to Ind AS 116, consequently comparative figures for the previous years have not been restated and continue to report under Ind AS 17. (Refer to Note No. 5 G (i), (ii) and (iii) to the Consolidated Financial Statements)	Principal Audit Procedures Our Audit procedures involved review of the company's Ind AS 116 implementation process, and key judgments made by management evaluation of lease agreements/arrangements on sample basis and comparison of the same with management's evaluation and assessment. We also evaluated the computation of lease liabilities and the discount rates adopted. Our tests on sample basis focused on reviewing the key terms and conditions of the lease agreements and obtaining evidence for the estimated useful live of right of use assets. Furthermore we assessed the adequacy and appropriateness of the disclosures the Consolidated financial statements.

S. No.	Key Audit Matter	Auditor's Response
2	Recognition and measurement of deferred taxes The recognition and measurement of deferred tax items requires determination of differences between the recognition and the measurement of assets, liabilities, income and expenses in accordance with the Income Tax Act and other applicable tax laws including application of ICDS and financial reporting in accordance with Ind AS. Assessment of Deferred Tax Assets is done by the management at the close of each financial year taking into account forecasts of future taxable results. We have considered the assessment of deferred tax liabilities and assets as a key matter due to the importance of management's estimation and judgment and the materiality of amounts. (Refer to Note No. 5 D (iv), (v), (vi) & (vii) and 6 (iv) and to the Consolidated Financial Statements)	Principal Audit Procedures The key matter was addressed by performing audit procedures which involved assessment of underlying process and evaluation of internal financial controls with respect to measurement of deferred tax and re-performance of calculations and assessment of the items leading to recognition of deferred tax in light of prevailing tax laws and applicable financial reporting standards. Furthermore, we assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements.
3	Evaluation of uncertain Tax Position/ Other contingent liabilities The Company has material uncertain tax position in respect of possible or actual taxation disputes, litigations and claims. The provisions are estimated using a significant degree of management judgment in interpreting the various relevant rules, regulations and practices and in considering precedents in various legal forums. (Refer to Note No. 5 O (iv) and 6 (vi) to the Consolidated Financial Statements)	Principal Audit Procedures The Audit addressed this Key Audit Matter by assessing the adequacy of tax Provisions by reviewing the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. We reviewed the significant litigations and claims and discussed with the Company's legal counsel, external advisors about their views regarding the likely outcome and magnitude of and exposure to relevant litigation and claims. Furthermore we assessed the adequacy and appropriateness of the disclosures in the Standalone financial statements.

S. No.	Key Audit Matter	Auditor's Response
4	Existence and impairment of Trade Receivables Trade Receivables are significant to the Company's financial statements. The Collectability of trade receivables is a key element of the company's working capital management, which is managed on an ongoing basis by its management. Due to the nature of the Business and the requirements of customers, various contract terms are in place, there is a risk that the carrying values may not be reflective of their recoverable amounts as at the reporting date, which would require an impairment provision. Where there are indicators of impairment, the company undertakes assessment of the recoverability of the amounts. Given the magnitude and inherent uncertainty involved in the judgement, involved in estimating impairment assessment of trade receivables, we have identified this as a key audit matter. (Refer to Note No. 5 T (vii), 5 V (vi) (b) and 6 (vii) to the Consolidated Financial Statements)	Principal Audit Procedures: We performed audit procedures on the assessment of trade receivables, which included substantive testing of revenue transactions, obtaining trade receivable external confirmations and testing the subsequent payments received. Assessing the impact of impairment on trade receivables requires judgement and we evaluated management's assumptions in determining the provision for impairment of trade receivables, by analyzing the ageing of receivables, assessing significant overdue individual trade receivables and specific local risks, combined with the legal documentations, where applicable. We tested the timing of revenue and trade receivables recognition based on the terms agreed with the customers. We also reviewed, on a sample basis, terms of the contract with the customers, invoices raised, etc., as a part of our audit procedures. Furthermore we assessed the adequacy and appropriateness of the disclosures in the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

The Company's management and board of directors are responsible for the other information. The other information comprises the information included in the Company's annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read

the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

The Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated state of affairs, consolidated profit/loss including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Company including its Associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Company including its Associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the each entity and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the Company and of its associates are responsible for assessing the ability of the Company and its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness this assumptions. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Company and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the consolidated financial statements. We are

responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

Other Matters

- a) The consolidated financial statements also include the Company's share of profit of ₹ 10,337 Lakhs and total comprehensive income of ₹ 10,275 Lakhs for the year ended 31-03-2020 as considered in the consolidated financial statements in respect of all the three the associates. The financial results / financial information of two associates have been audited by one of us along with another joint auditor and one associate has been audited by an Independent Auditor, whose reports have been furnished to us by the management and our report on the consolidated financial statements in so far as it relates to the amounts that have been derived from such audited financial statements is solely based on the reports of the other auditors.

- b) Our attendance at the physical inventory verification done by the management was impracticable under the current lockdown restrictions imposed by the government. Consequently, we have performed alternative procedures to audit on the existence and condition of inventory at year end as per the guidance provided in SA-501 "Audit Evidence – Specific considerations for selected items" and have obtained sufficient audit evidence to issue our un-modified opinion on these consolidated financial statements.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Company as on 31st March 2020 taken on record by the Board of Directors of the Company and the report of the statutory auditors of its associates incorporated in India, none of the Directors of the Company and its associates incorporated in India is disqualified as on 31st March 2020 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the company and its Associates incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reason stated there in.

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

In our opinion and best of our information and according to the explanations given to us, the remuneration paid to the directors during the current year by the Company and its associates which are incorporated in India is in accordance with the provision of section 197 (16) of the Act. The remuneration paid to any director by the company and its associates which are incorporated in India, is not in excess of limit laid down under section 197 read with schedule V to the Companies Act, 2013. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) of the Act which are required to be commented upon by us.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended;

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

- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Company and its associates.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its associate companies incorporated in India during the year ended 31st March 2020.

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



R.PALANIAPPAN
Partner
Membership Number: 205112
UDIN: 20205112AAAAEV7814
Chennai
24th June 2020

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



P. SANTHANAM
Partner
Membership Number: 018697
UDIN: 200186970AAAAAQ7359

ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

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

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

In conjunction with our audit of the consolidated financial statements of Rajapalayam Mills Limited (The Company) as of and for the year ended 31st March 2020, we have audited the internal financial controls over consolidated financial reporting of the Company and its associates which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports and the information and explanation provided by the management is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, based on the test checks conducted by us, the Company and its associate companies which are companies incorporated in India, have, in all material respects, reasonably adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were prima facie operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



R.PALANIAPPAN
Partner
Membership Number: 205112
UDIN: 20205112AAAAEV7814

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



P. SANTHANAM
Partner
Membership Number: 018697
UDIN: 200186970AAAAAQ7359

Chennai
24th June 2020

RAJAPALAYAM MILLS LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31-03-2020

	Note No	AS AT 31-03-2020		AS AT 31-03-2019	
		Amount ₹ in Lakhs		Amount ₹ in Lakhs	
I ASSETS					
(1) Non-Current Assets					
(a) Property, Plant and Equipment	7	57,459.63		31,152.06	
(b) Capital Work-in-progress		364.28		8,554.96	
(c) Investment Property	8	144.71		144.95	
(d) Intangible Assets	9	342.55		51.37	
(e) Investment in Associates	10	1,56,182.21		1,47,810.22	
(f) Financial Assets					
Other Investment	11	2,607.44		2,564.50	
Loans	12	950.00		950.00	
Other Financial Assets	13	990.67		924.32	
(g) Other Non-Current Assets	14	962.35	2,20,004.02	7,163.50	1,99,315.88
(2) Current Assets					
(a) Inventories	15	14,684.24		14,905.78	
(b) Financial Assets					
Trade Receivables	16	5,062.68		6,208.91	
Cash and Cash Equivalents	17	109.55		152.62	
Bank Balance other than Cash and Cash Equivalents	18	529.93		214.88	
Other Financial Assets	19	634.80		877.26	
(c) Other Current Assets	20	2,099.19	23,120.39	1,644.74	24,004.99
TOTAL ASSETS			2,43,124.41		2,23,320.87
II EQUITY & LIABILITIES					
(1) Equity					
(a) Equity Share Capital	21	736.01		736.01	
(b) Other Equity	22	1,78,144.00		1,69,386.63	
Total Equity			1,78,880.01		1,70,122.64
(2) Liabilities					
A) Non Current Liabilities					
(a) Financial Liabilities					
Borrowings	23	31,005.64		19,585.31	
Provisions	24	400.30		347.83	
(c) Deferred Tax Liabilities (Net)	25	1,769.25		2,277.92	
(d) Deferred Government Grants	26	-	33,175.19	26.58	22,239.64
B) Current Liabilities					
(a) Financial Liabilities					
Borrowings	27	20,000.88		20,034.74	
Trade Payables	28				
(i) Total outstanding dues of micro enterprises and small enterprises		40.97		0.00	
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		1,792.92		1,940.64	
Other Financial Liabilities	29	8,684.41		8,335.92	
(b) Provisions	30	550.03	31,069.21	647.29	30,958.59
TOTAL EQUITY AND LIABILITIES			2,43,124.41		2,23,320.87
Significant Accounting Policies, Judgements and Estimates	3-7				
See accompanying notes to the financial statements	8-52				

As per our report annexed

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

R. Palaniappan
R. PALANIAPPAN
Partner
Membership No. 205112

Chennai
24-06-2020

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

P. Santhanam
P. SANTHANAM
Partner
Membership No. 018697

On behalf of the Board of Directors
For RAJAPALAYAM MILLS LIMITED

Shri P.R. Venketrana Raja
SHRI P.R. VENKETRAMA RAJA
Chairman

S.M. R. Sudarshanam
SMT. R. SUDARSHANAM
Managing Director

B. Ghanagurusamy
B. GHANAGURUSAMY
Chief Financial Officer

A. Arulpranavam
A. ARULPRANAVAM
Secretary

RAJAPALAYAM MILLS LIMITED			
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2020			
	Note No.	For the Year ended 31-03-2020	For the Year ended 31-03-2019
		Amount ₹ in Lakhs	Amount ₹ in Lakhs
REVENUE			
I Revenue from Operations	31	35,782.22	41,261.83
II Finance Income	32	290.52	320.69
III Other Income	33	561.96	1,258.25
IV Total Revenue (I+II+III)		36,634.70	42,840.77
V EXPENSES			
Cost of Materials Consumed	34	19,589.62	22,840.20
Purchases of Stock-in-Trade		848.05	660.66
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress	35	(1,855.28)	(1,693.47)
Employee Benefit Expenses	36	3,718.51	5,886.61
Finance Costs	37	2,506.57	2,198.07
Depreciation and Amortization Expense	38	3,384.65	3,178.05
Other Expenses	39	6,003.71	8,377.92
Total Expenses		38,273.84	41,448.04
VI Profit Before Tax (IV-V)		(1,639.14)	1,392.73
VII Tax Expenses / (Savings)			
Current Tax		-	102.47
Excess Income Tax Provision related to earlier years withdrawn		-	(77.58)
Deferred Tax (includes MAT credit entitlement of Rs. NIL (PY: 102.47 Lakhs)).		(508.87)	(188.84)
Total Tax Expenses		(508.87)	(163.95)
VIII Profit for the year before share of profit / (Loss) of Associates (VI-VII)		(1,130.47)	1,556.68
IX Share of Net Profit After Tax (PAT) of Associates accounted for using the equity method		10,337.26	8,890.81
X Profit for the period (VIII+IX)		9,206.79	10,447.49

RAJAPALAYAM MILLS LIMITED			
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31-03-2020			
	Note No.	For the Year ended 31-03-2020	For the Year ended 31-03-2019
		Amount ₹ in Lakhs	Amount ₹ in Lakhs
REVENUE			
XI Other Comprehensive Income			
Item that will not be reclassified to Profit or Loss:			
remeasurement Losses on defined benefit obligations (net)		(73.21)	(68.09)
Fair Value gain / (loss) on Equity Instruments through OCI (net)		42.17	(38.39)
Current Tax (Savings) / Expenses		-	(23.79)
Deferred Tax (MAT Credit)		-	23.79
Income Tax relating to the above			
Other Comprehensive Income / (Loss) for the year, net of tax		(31.04)	(106.48)
Share of OCI of Associates accounted for using the equity method		(62.68)	28.95
Total Other Comprehensive Income / (Loss) for the year, net of tax		(93.72)	(77.53)
XII Total Comprehensive Income for the year, net of tax (X+XI)		9,113.07	10,369.96
XIII Earnings per Equity Share of face value of Rs. 10/- each			
Basic & Diluted (in Rupees)		125.09	141.95
[Refer to Note No. 46]			
Significant Accounting Policies, Judgements and Estimates	1-7		
See accompanying notes to the financial statements.	8-52		
As per our report annexed		On behalf of the Board of Directors For RAJAPALAYAM MILLS LIMITED	
For M.A. Jayaraman & Co. Chartered Accountants Firm Registration No. C013105		SHRI P.R. VENKETRAMA RAJA Chairman	
R. PALANIAPPAN Partner Membership No. 205112		SMT. R. SUDARSANAM Managing Director	
P. SANTHANAM Partner Membership No. 018697		B. GNANAGURUSAMY Chief Financial Officer	
Charter 24-06-2020		A. ARULPRANAVAM Secretary	

RAJAPALAYAM MILLS LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020

	₹ in Lakhs	
	31-Mar-2020	31-Mar-2019
A . Cash flow from Operating Activities		
Profit before Tax	(1,639.14)	1,392.73
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation & Amortisation	3,384.65	3,178.05
Finance Costs	2,586.57	2,198.07
Interest Income	(290.52)	(320.69)
Dividend Income	(225.00)	(1,059.06)
Provision for Leave Salary	23.62	75.67
Rent Receipts from Investment Properties	(0.68)	(0.68)
(Profit) / Loss on Sale of Assets	(12.21)	19.55
Provision for mark to market loss on cotton inventory value	218.34	-
Fair Value movement and Financial Guarantee obligation	(91.07)	2.24
Operating Profit before Working capital Changes	3,954.56	5,485.88
Movements in Working Capital		
Trade Receivables	1,146.23	(1,162.67)
Loans and Advances	(130.60)	(174.42)
Unutilised Tax Credit - Indirect Tax	(353.61)	(1,017.80)
Inventories	3.20	(3,405.87)
Trade Payables & Current Liabilities	(366.01)	2,559.89
Cash generated from Operations	4,253.77	2,285.01
Direct Taxes (Paid) / Refund Received	72.96	(136.47)
Net Cash generated from Operating Activities A	4,326.73	2,148.54
B. Cash Flow from Investing Activities :		
Purchase of Fixed Assets (Including Capital work-in-progress and Capital Advance)	(17,192.86)	(21,629.16)
Government Grants received - related to acquisition of fixed assets	986.69	-
Investment in Equity Shares of Associates	-	(2,093.38)
(Acquisition) of / Proceeds from Sale of Investment in Equity Shares - Others	(0.77)	0.66
Proceeds from Sale of Assets / Investment Property	545.58	390.60
Interest Received	290.52	320.69
Dividend Received	2,127.59	2,085.81
Rent Receipts from Investment Properties	0.68	0.68
Net Cash used In Investing Activities B	(13,242.57)	(20,924.10)
C. Cash Flow from Financing Activities :		
Proceeds from Long Term Borrowings	17,290.16	20,934.19
Proceeds from / (Repayment) of Deposits - Related Parties	(360.58)	2,597.68
Repayment of Long Term Borrowings	(4,803.43)	(4,049.83)
Availment of Short Term Borrowings (Net)	3.14	2,024.83
Payment of Dividend and Dividend Distribution Tax	(355.70)	(355.70)
Interest Paid	(2,586.57)	(2,198.07)
Net cash Generated from Financing Activities C	9,187.02	18,953.10

RAJAPALAYAM MILLS LIMITED CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2020		
	₹ in Lakhs	
	31-Mar-2020	31-Mar-2019
Net Increase in Cash and Cash Equivalent D = (A+B+C)	271.18	177.54
Opening balance of Cash and Cash Equivalents E	368.30	190.76
Closing balance of Cash and Cash Equivalents D + E	639.48	368.30
Notes: (I) The above Statement of Cash Flow has been prepared under 'Indirect Method' as set out in the Ind AS 7 on Statement of Cash Flow. (ii) Bank Borrowings including Cash Credits are considered as Financing Activities. (iii) For the purpose of Statement of Cash Flow, Cash and Cash Equivalents comprise the following:		
PARTICULARS	31-03-2020	31-03-2019
Cash and Cash Equivalents [Refer to Note No.17]	109.55	153.62
Bank Balances other than Cash and Cash Equivalents [Refer to Note No. 18]	529.93	214.68
	639.48	368.30
See accompanying notes to the financial statements [Refer to Note Nos. 8-52]		
As per our report annexed For N.A. Jayaraman & Co, Chartered Accountants Firm Registration No. 0013105 <i>R. Palaniappan</i> R. PALANIAPPAN Partner Membership No. 205112 Chennai 24-06-2020 For SRSV & Associates, Chartered Accountants Firm Registration No. 0150415 <i>P. Santhanam</i> P. SANTHANAM Partner Membership No. 018697 On behalf of the Board of Directors For RAJAPALAYAM MILLS LIMITED <i>Shri P.R. Venketrana Raja</i> SHRI P.R. VENKETRAMA RAJA Chairman <i>Smt. R. Sudarsanam</i> SMT. R. SUDARSANAM Managing Director <i>B. Gnanagurusamy</i> B. GNANAGURUSAMY Chief Financial Officer <i>A. Arulpranavam</i> A. ARULPRANAVAM Secretary		

RAJAPALAYAM MILLS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR RAJAPALAYAM MILLS LIMITED FOR THE YEAR ENDED 31-03-2020

1. Equity Share Capital	₹ in Lakhs
Balance as at 01-04-2018	736.01
Change: + Equity Share Capital during the year 2018-19	-
Less: Treasury Shares adjustment	-
Balance as at 31-03-2019	736.01
Change: + Equity Share Capital during the year 2019-20	-
Add: Treasury Shares adjustment	-
Balance as at 31-03-2020	736.01

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

2. Other Equity	Reserves and Surplus					Items of OCI			₹ in Lakhs
Particulars	Capital Reserve	Capital Reserve on Consolidation	Security Premium Reserve	General Reserve	Retained Earnings	FVTOCI Equity Instruments	Reassessments of Defined Benefit Obligations	Share of OCI of Associates	Total Other Equity
Other Equity as at 1st April 2018	3.75	1,05,540.84	1,490.48	42,032.11	10,303.95	1.24	-	-	1,59,372.37
Financial year 2018-19									
Add: Profit for the year					10,447.49				10,447.49
Add: Other Comprehensive Income						(38.39)	(68.09)	28.95	(77.53)
Total Comprehensive Income					10,447.40	(38.39)	(68.09)	28.95	10,369.96
Less: Transfer to Retained Earnings							58.09	(28.95)	39.14
Less: Dividend Distribution to Shareholders					(295.05)				(295.05)
Less: Dividend Distribution Tax					(60.65)				(60.65)
Less: Capital Reserve adjusted or De-classification of Associates		(133.25)			133.25				-
Add: Transfer from OCI					(39.14)				(39.14)
Add: Transfer to General Reserve					(17,489.85)				(17,489.85)
Add: Transfer from Retained Earnings				17,489.85					17,489.85
Other Equity as at 31st March 2019	3.75	1,05,407.59	1,490.48	59,521.96	3,000.00	(37.15)	-	-	1,59,266.63
Financial year 2019-20									
Add: Profit for the year					9,208.79				9,208.79
Add: Other Comprehensive Income						42.17	(73.21)	(62.68)	(93.72)
Total Comprehensive Income					9,208.79	42.17	(73.21)	(62.68)	9,113.07
Less: Dividend Distribution to Shareholders					(295.05)				(295.05)
Less: Dividend Distribution Tax					(60.65)				(60.65)
Less: Transfer to Retained Earnings							73.21	62.68	135.89
Add: Transfer from OCI					(135.89)				(135.89)
Add: Transfer to General Reserve					(8,515.20)				(8,515.20)
Add: Transfer from Retained Earnings				8,515.20					8,515.20
Other Equity as at 31st March 2020	2.75	1,05,407.59	1,490.48	68,037.16	3,300.00	8.02	-	-	1,78,144.00

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****1. Corporate Information**

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

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

The consolidated financial statements of the Company for the year ended 31-03-2020 were approved and adopted by Board of Directors of the Company in their meeting dated 24-06-2020.

2. Basis of Preparation of Consolidated Financial Statements

- (i) The CFS are prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended from time to time.
- (ii) The significant accounting policies used in preparing the financial statements are set out in Note No.5.
- (iii) The Company has considered its operating cycle to be 12 months for the purpose of Current and Non-current classification of assets and liabilities.
- (iv) An asset is classified as current when it is expected to be realised or intended to be sold or consumed in the normal operating cycle or held primarily for the purpose of trading or expected to be realised within 12 months after the reporting period or cash or cash equivalents unless restricted from being exchanged or used to settle a liability 12 months after the reporting period. All other assets are classified as non-current.

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

- (v) A liability is classified as current when it is expected to be settled in normal operating cycle or held primarily for the purpose of trading or due for settlement within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
- (vi) The CFS are presented in Indian Rupees rounded to the nearest Lakhs with two decimals. The amount below the round off norm adopted by the Company is denoted as Rs.0.00 Lakhs.
- (vii) Pursuant to General Circular No.39/2014 dated 14-10-2014 Issued by the Ministry of Corporate Affairs that the disclosures made already under the separate financial statements are not merely repeated and thus the disclosures that are relevant arising out of consolidation have only been presented.
- (viii) The CFS comprises the financial statements of Rajapalayam Mills Limited and its Associate Companies. The following companies are considered as Associates based on existence of significant influence over such companies:

Name of the Company	% of Holding & Voting Rights	
	2019-20	2018-19
The Ramco Cements Limited	14.04%	14.04%
Ramco Industries Limited	9.69%	9.69%
Ramco Systems Limited	2.40%	2.40%

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

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

3. Principles of Consolidation

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

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

4. Basis of Measurement

The consolidated financial statements have been prepared on accrual basis under historical cost convention except for certain financial instruments (Refer to Note No. 5(S) - Accounting Policy for Financial Instruments) and defined benefit plan assets which are measured at fair value.

5. Significant Accounting Policies

A. Inventories

- (i) Raw-materials, Stores & Spares, Fuel, Packing materials etc., are valued at cost, computed on a moving weighted average basis including the cost incurred in bringing the inventories to their present location and condition after providing for obsolescence and other losses or net realisable value whichever is lower. Inventories are usually written down to net realisable value, if the finished products, in which they will be used, are expected to be sold below cost. However, the inventories are considered

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

to be realizable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost.

- (ii) Process stock is valued at weighted average cost including the cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities but excluding borrowing cost or net realisable value whichever is lower. Factory administration overheads to the extent attributable to bring the inventories to their present location and condition are also included in the valuation of Process stock.
- (iii) Finished goods are valued at cost or net realisable value whichever is lower. Cost includes cost of conversion with systematic allocation of production overheads based on normal capacity of production facilities and other costs but excluding borrowing cost incurred in bringing the inventory to their present location and condition. Finished goods include stock-in-trade also which comprises cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a moving weighted average basis.

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

B. Statement of Cash Flow

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

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

C. Dividend distribution to Equity shareholders

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

D. Income Taxes

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates, the provisions of the Income Tax Act, 1961 and other applicable tax laws including the relevant transfer pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.
- (ii) Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future tax liability, is recognised as an asset viz. MAT Credit Entitlement, to the extent there is convincing evidence that the Company will pay normal Income tax and it is highly probable that future economic benefits associated with it will flow to the Company during the specified period. The Company reviews the "MAT Credit Entitlement" at each Balance Sheet date and writes down the carrying amount of the same to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income tax during the specified period. The MAT Credit Entitlement being unused tax credits that are carried forward by the Company for a specified period, is grouped under Deferred Tax.
- (iii) Current tax assets and liabilities are offset, when the Company has legally enforceable right to set off the recognised amounts and intends to settle the asset and the liability on a net basis.

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

E. Property, Plant and Equipments (PPE)

- (i) PPEs are stated at cost of acquisition or construction less accumulated depreciation, amortisation and impairment losses if any, except freehold land which is carried at cost. The cost comprises of purchase price, import duties, non-refundable purchase taxes (net of tax credits wherever applicable), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. The directly attributable costs include cost of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition.
- (ii) Government grants related to assets have been deducted in arriving at the carrying amount of the respective assets.
- (iii) Subsequent expenditures are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

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

- (iv) Spares which meet the definition of PPE are capitalised from the date when it is available for use. Other expenses on fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts that does not meet the capitalisation criteria are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.
- (v) The company identifies the significant parts of plant and equipment separately which are required to be replaced at intervals. Such parts are depreciated separately based on their specific useful lives. The cost of replacement of significant parts are capitalised and the carrying amount of replaced parts are de-recognised. The cost of major of inspection/overhauling is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied. Any remaining carrying amount of the cost of the previous inspection/overhauling (as distinct from physical parts) is de-recognised.
- (vi) The present value of the expected cost for the decommissioning of PPE after its use, if materially significant, is included in the cost of the respective asset when the recognition criteria are met.
- (vii) Capital Expenditure on tangible assets for research and development is classified as PPE and is depreciated based on the estimated useful life. Other expenditure incurred for research and development are expensed under the respective heads of accounts in the year in which it is incurred.
- (viii) The Company follows the useful lives of the significant parts of certain class of PPE on best estimate basis upon technical advice, as detailed below, that are different from the useful lives prescribed under Part C of Schedule II of the Companies Act, 2013:

Type of Plant and Machinery	Useful life of such components ranging from
Textile Machines / Equipment	2 to 15 years
Wind Mills	22 to 30 years
HFO / DG Set	12 to 25 years
Electrical Machineries	3 to 25 years

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

F. Capital Work in progress / Capital Advances

- (i) Capital work in progress includes cost of property, plant and equipment under installation, under development including related expenses and attributable interest as at the reporting date.

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (ii) Advances given towards acquisition / construction of PPE outstanding at the reporting date are disclosed as 'Capital Advances' under 'Other Non-Current Assets'.

G. Leases

- (i) The Company has adopted Ind AS 116 with effect from 01-04-2019 using the Modified Retrospective Approach and accordingly the comparative figures for the previous figures has not been restated and continue to be reported under IndAS 17.
- (ii) Ind AS 116 requires lessees to account for all leases under a single on-balance sheet model. The Company, as a lessee, upon transition to Ind AS 116, elected to measure the lease liability for all leases whose non-cancellable leases is more than 12 months, at the present value of remaining lease payments discounted using the incremental borrowing rate at the date of initial application and recognise the right-of-use asset at an amount equal to the lease liability, adjusted for prepaid lease payments recognised in the balance immediately before the date of initial application.
- (iii) The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date whether fulfilment of arrangement is dependent on the use of an underlying asset and the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

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

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

- (iii) The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.
- (iv) The Company presents right-of-use assets that do not meet the definition of investment property in 'Property, Plant and Equipment' and Lease liabilities in 'Borrowings' in the Balance sheet.
- (v) The Company has opted not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Company as a Lessor

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

H. Revenue Recognition**(i) Revenue from Operations****a) Sale of products**

Revenue from product sales is recognized when the company transfers control of the product to customers at a point in time. The transaction price is the amount of consideration to which the company expects to be entitled in exchange for transferring goods to the customer. The Company provides discounts to customers on the achievement of the performance criteria based on agreed terms and conditions. The financing component with regard to sale of products are excluded from Revenue from operations and recognized as Interest Receipts over the credit periods

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

as per Ind AS 115. The company does not have any non-cash consideration.

b) Power generated from Windmills

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

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

c) Scrap sale

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

(ii) Other Income

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

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

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

I. Employee Benefits

(i) Short-term employee benefits viz., Salaries and Wages are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related service is rendered.

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (ii) Defined Contribution Plan viz., Contributions to Provident Fund and Superannuation Fund are recognized as an expense in the Statement of Profit and Loss for the year in which the employees have rendered services.
- (iii) The Company contributes monthly to Employees' Provident Fund & Employees' Pension Fund administered by the Employees' Provident Fund Organisation, Government of India, at 12% of employee's basic salary and dearness allowance. The Company has no further obligations.
- (iv) The Company also contributes for superannuation fund a sum equivalent to 15% of the officer's eligible annual basic salary. Out of the said 15% contribution, a sum upto Rs.1.50 Lacs per annum is remitted to The Rajapalayam Mills Limited Officers' Superannuation Fund administered by trustees and managed by LIC of India. The balance amount, if any, is paid as salary. There are no further obligations in respect of the above contribution plan.
- (v) The Company contributes to Defined Benefit Plan viz., an approved Gratuity Fund. It is in the form of lump sum payments to vested employees on resignation, retirement, death while in employment or on termination of employment, for an amount equivalent to 15 days' basic salary and dearness allowance for each completed year of service. Vesting occurs upon completion of five years of continuous service. The Company makes annual contributions to "Rajapalayam Mills Limited Employees' Gratuity Fund" administered by trustees and managed by LIC of India, based on the Actuarial Valuation by an independent external actuary as at the reporting date using Projected Unit Credit method.
- (vi) The Company provides for expenses towards compensated absences provided to its employees. The expense is recognized at the present value of the amount payable determined based on an independent external actuarial valuation as at the Balance Sheet date, using Projected Unit Credit method.

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (vii) Remeasurement of net defined benefit asset / liability comprising of actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged / credited to other comprehensive income in the period in which they arise and immediately transferred to retained earnings. Other costs are accounted in the Statement of Profit and Loss.

J. Government Grants

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

K. Foreign currency transactions

- (i) The financial statements are presented in Indian Rupees, which is also the Company's functional currency.
- (ii) All transactions in foreign currency are recorded on initial recognition at their functional currency exchange rates prevailing on that date.
- (iii) Monetary assets and liabilities in foreign currencies outstanding at the reporting date are translated to the functional currency at the exchange rates prevailing on the reporting date and the resultant gains or losses are recognised during the year in the Statement of Profit and Loss.

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (iv) Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rates at the date of transaction.

L. Borrowing Costs

- (i) Borrowing cost include interest computed using Effective Interest Rate method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.
- (ii) Borrowing costs that are directly attributable to the acquisition, construction, production of a qualifying asset are capitalised as part of the cost of that asset which takes substantial period of time to get ready for its intended use. The Company determines the amount of borrowing cost eligible for capitalisation by applying capitalisation rate to the expenditure incurred on such cost. The capitalisation rate is determined based on the weighted average rate of borrowing cost applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing cost that the Company capitalises during the period does not exceed the amount of borrowing cost incurred during that period. All other borrowings costs are expensed in the period in which they occur.

M. Earnings per Share

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

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

N. Impairment of Non-Financial Assets

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

O. Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits in respect of which a reliable estimate can be made.
- (i) Provisions are discounted if the effect of the time value of money is material, using pre-tax rates that reflects the risks specific to the liability. When discounting is used, an increase in the provisions due to the passage of time is recognised as finance cost. These provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.
- (ii) Insurance claims are accounted on the basis of claims admitted or expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection. Any subsequent change in the recoverability is provided for. Contingent Assets are not recognised.

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

- (iv) Contingent liability is a possible obligation that may arise from past events and its existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the same are not recognised but disclosed in the financial statements.

P. Intangible Assets

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

Nature of Intangible assets	Estimated useful life
Computer Software	6 years
Power Transmission System	5 years

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

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Q. Investment Properties**

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

Asset type	Useful life
Buildings under Investment properties	60 years

- (v) Investment properties are eliminated from the financial statements on disposal or when no further benefit is expected from its use. Gains or losses arising from disposal, measured as the difference between the net disposal proceeds and the carrying amount of such investment properties, are recognised in the Statement of Profit and Loss. Amount received towards investment properties that are impaired and derecognized in the financial statements, are recognized in Statement of Profit and Loss, when the recognition criteria are met.

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

- (vi) The residual values, useful lives and methods of depreciation of investment properties are reviewed periodically including at each reporting date and adjusted prospectively, if appropriate.

R. Operating Segments

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

S. Financial Instruments

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

RAJAPALAYAM MILLS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(iv) Fair Value Hedges

Changes in the fair value of forwards contracts that are designated and qualify as fair value hedges are recognized in the income statement, together with the changes in the fair value of the hedged item that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, changes in the fair value of the hedged item attributable to the hedged risk are no longer recognized in the income statement. When a hedged item in a fair value hedge is a firm commitment (or a component thereof) to acquire an asset or assume a liability, the initial carrying amount of the asset or the liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in the fair value of the hedged item that was recognised in the balance sheet, with a corresponding gain or loss recognized in Profit or Loss.

T. Financial Assets

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

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

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

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

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

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

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

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

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

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

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

- (vi) Upon derecognition of its financial asset or part thereof, the difference between the carrying amount measured at the date of recognition and the consideration received including any new asset obtained less any new liability assumed shall be recognised in the Statement of Profit and Loss.
- (vii) For Impairment purposes, significant financial assets are tested on individual basis at each reporting date. Other financial assets are assessed collectively in groups that share similar credit risk characteristics. Accordingly, the impairment testing is done retrospectively on the following basis:

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

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****U. Financial Liabilities**

- (i) Financial liabilities comprise of Borrowings from Banks, Trade payables, Derivative financial instruments, Financial guarantee obligation and other financial liabilities.

- (ii) The Company measures its financial liabilities as below:

Measurement basis	Name of Financial liabilities
Amortised cost	Borrowings, Trade payables, Interest accrued, Unclaimed / Disputed dividends, Security deposits and other financial liabilities not for trading,
FVTPL	Foreign exchange Forward contracts and other financial liabilities held for trading.

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

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NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

V. Fair value measurement

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

RAJAPALAYAM MILLS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

a) Investments in Equity

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

b) Trade and other receivables

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

c) Forward exchange contracts

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

d) Non-derivative financial liabilities

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

e) Financial guarantee obligation

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

f) Investment Properties

The fair value is determined for disclosure purposes based on an annual evaluation performed by an

RAJAPALAYAM MILLS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

internal technical team measured using the technique of quoted prices for similar assets in the active markets and further moderated by market corroborated inputs.

6. Significant Estimates and Judgements

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, inventories, other financial / other non-financial assets. In developing the assumptions relating to the possible future uncertainties in the economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements, has used internal and external sources of information from market sources on the expected future performance of the Company. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements due to prevailing uncertainties.

(i) Revenue Recognition

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

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

(iii) Current Taxes

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

(iv) Deferred Tax Asset (Including MAT Credit Entitlement)

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

(v) Provisions

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

(vi) Segment Reporting

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

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(vii) Contingent Liabilities

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

(viii) Impairment of Trade receivables

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

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

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

(x) Impairment of Investments in Associates

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

(xi) Defined Benefit Plans and Other long term benefits

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

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

When the fair values of financial assets and financial liabilities could not be measured based on quoted prices in active markets, management uses valuation techniques including the Discounted Cash Flow (DCF) model / Net Asset Value Method, to determine its fair value. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

In case of unrecognised firm commitments denominated in foreign currency, which also qualify as a hedged item, the fair value of such firm commitments outstanding at the reporting date are measured at functional currency based on the quoted price in the active market prevailing on the reporting date.

(xiii) Interests in other entities

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

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RAJAPALAYAM MILLS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

NOTE NO. 7

PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Year	Gross Block				Depreciation				Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 38)	Withdrawn during the year	As at the end of the year	As at the end of the year	As at the beginning of the year
Land - Free hold	2019-20	825.28	365.07	—	1,190.35	—	—	—	—	1,190.35	825.28
	2018-19	825.28	—	—	825.28	—	—	—	—	825.28	825.28
Land - Lease hold	2019-20	722.03	—	—	722.03	6.35	6.94	—	13.29	708.74	715.68
	2018-19	—	722.03	—	722.03	—	6.35	—	6.35	715.68	—
Buildings	2019-20	5,182.95	5,494.97	—	10,677.92	2,127.63	150.47	—	2,278.10	8,399.82	3,055.32
	2018-19	4,824.90	368.06	—	5,182.95	1,978.12	149.51	—	2,127.63	3,055.32	2,846.78
Plant and Machinery	2019-20	61,039.11	22,436.58	2,366.06	81,109.64	35,632.26	3,027.24	1,841.59	36,817.91	44,291.73	25,406.85
	2018-19	56,662.12	5,742.32	1,365.33	61,039.11	33,747.34	2,845.94	961.02	35,632.26	25,406.85	22,914.78
Electrical Machinery	2019-20	3,074.97	1,629.55	1.01	4,703.51	2,357.89	87.89	0.96	2,444.92	2,258.59	716.98
	2018-19	2,746.04	342.58	13.65	3,074.97	2,291.17	79.80	12.98	2,357.99	716.98	454.87
Furniture & Office Equipments	2019-20	756.34	189.61	2.39	943.56	550.20	60.24	2.04	608.40	335.16	206.14
	2018-19	676.67	87.82	8.15	756.34	510.16	47.77	7.73	550.20	206.14	166.51
Vehicles	2019-20	467.94	98.59	45.56	520.97	242.13	40.46	37.06	245.53	275.44	225.81
	2018-19	375.45	115.07	22.58	467.94	223.77	30.19	17.83	242.13	225.81	151.68
Total - Tangible Assets	2019-20	72,068.62	30,214.38	2,415.02	99,867.98	40,916.56	3,373.24	1,881.65	42,408.15	57,459.83	31,152.06
	2018-19	66,110.46	7,367.87	1,409.71	72,068.62	38,750.56	3,165.56	999.56	40,916.56	31,152.06	27,359.90

Notes: (i) Borrowings cost of ₹ 2,547.09 Lakhs have been capitalised for current Year (PY: ₹ 74.22 Lakhs).

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

(iii) The Company has opted to present the government grants related to assets as deduction from the carrying value of eligible assets in accordance with Ind AS 20. An amount of ₹ 986.69 Lakhs has been deducted from the carrying value of respective assets during the financial year 2019-20 (PY: NIL).

RAJAPALAYAM MILLS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

NOTE NO. 9

INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Year	Gross Block				Amortisation				Net Block	
		As at the beginning of the year	Additions	Sold	As at the end of the year	As at the beginning of the year	For the year (Refer to Note No. 38)	Withdrawn during the year	As at the end of the year	As at the end of the year	As at the beginning of the year
Computer software	2019-20	191.22	234.43	—	425.65	185.32	2.58	—	187.90	237.75	5.90
	2018-19	189.71	1.51	—	191.22	179.80	5.52	—	185.32	5.90	9.91
Power Transmission System	2019-20	123.88	67.92	—	191.80	78.41	8.59	—	87.00	104.80	45.47
	2018-19	79.37	44.51	—	123.88	71.67	6.74	—	78.41	45.47	7.70
Total - Intangible assets	2019-20	315.10	302.35	—	617.45	263.73	11.17	—	274.90	342.55	51.37
	2018-19	269.08	46.02	—	315.10	251.47	12.26	—	263.73	51.37	17.61

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Note No.10						
Investment Accounted for using the Equity Method						
(₹ in Lakhs)						
Name of the Company	Face Value ₹ per share	As at	As at	As at	As at	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019	
Investment in Equity Instruments Quoted						
The Ramco Cements Limited	1	3,30,65,000	3,30,65,000	1,38,939.43	1,31,260.58	
Ramco Industries Limited	1	84,01,680	84,01,680	12,294.96	11,647.31	
Ramco System Limited	10	7,33,531	7,33,531	4,947.82	4,882.33	
Total				1,56,182.21	1,47,810.22	
Quoted Investments - Carrying Value				1,56,182.21	1,47,810.22	
Market Value				1,80,025.85	2,63,084.78	
Note:						
The carrying amount of investment in Associates is tested for impairment in accordance with Ind AS 36. The investment in Associates are long term strategic in nature, no impairment is considered as at the reporting date, considering its long term future prospects.						
Note No.11						
Other Investment						
Name of the Company	Face Value ₹ per share	As at	As at	As at	As at	
		31-03-2020	31-03-2019	31-03-2020	31-03-2019	
I. Investment in Equity Instruments						
1) Quoted						
The Ramaraju Surgical Cotton Mills Limited	10	4,000	4,000	7.60	6.40	
Lakshmi Automatic Loom Works Limited	10	2,500	2,500	0.64	1.08	
Tamilnadu Jai Bharath Mills Limited	10	1,200	1,200	0.05	0.04	
Total Quoted Investments (A)				8.29	7.52	
2) Unquoted						
Sri Vishnu Sharma Mills Limited	10	38,400	38,400	76.80	38.40	
Ramco Industrial and Technology Services Limited	10	50,000	50,000	13.00	10.00	
Ramco Windfarms Limited	1	832,000	832,000	8.32	8.32	
Miot Hospitals Limited	10	2,500	2,500	0.25	0.25	
ARS Energy Private Limited	10	280	-	0.77	-	
Total Unquoted Investments (B)				99.14	56.97	
II. Investment in Preference Shares, Non-Trade - Unquoted						
Thanjavur Spinning Mill Limited (C)	10	2,50,00,000	2,50,00,000	2,500.00	2,500.00	
Note: The investment in the above preference shares have been made by conversion of Inter Corporate Loan given by the Company to Thanjavur Spinning Mill Limited.						
III. Other Non-Current Investments, Non-Trade - Unquoted						
Ramco Group Employees' Co-operative Stores Limited	1	500	500	0.01	0.01	
Total other Investments (D)				0.01	0.01	
Total (A+B+C+D)				2,607.44	2,564.50	
Aggregate Market Value of Quoted Investments				NA	NA	
Note:						
i) Refer to Note No. 50 for information about fair value hierarchy under Disclosure of Fair Value Measurement.						
ii) Market Value of quoted investments for some equity instruments were not available due to no trading activities in stock market.						

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.8 Investment Property		
Land		
As at the beginning of the year	55.17	55.17
Addition / Sale	-	-
As at the end of the year	55.17	55.17
Building		
As at the beginning of the year	126.05	126.05
Addition / Sale	-	-
As at the end of the year	126.05	126.05
Less:		
Accumulated depreciation as at the beginning of the year	36.27	36.04
Depreciation for the year [Refer to Note No.38]	0.24	0.23
Accumulated depreciation as at the end of the year	36.51	36.27
Net Block	89.54	89.78
Total Investment Property	144.71	144.95
Information regarding income and expenditure of Investment property		
Rental Income from Investment Properties	0.68	0.68
Direct Operating Expenses	-	-
Profit arising from Investment Properties before Depreciation and indirect expenses	0.68	0.68
Less: Depreciation	0.24	0.23
Profit arising from Investment Properties before indirect expenses	0.44	0.45
Fair Value of Investment Property	1,348.68	1,476.81

Notes:

- (i) The Company measured all of its Investment Properties at Cost in accordance with Ind AS 40.
- (ii) The fair valuation of these investment property are determined by an internal technical team, who are specialists in valuing these types of investment properties by using the technique of quoted prices for similar assets in active markets or recent price of similar properties in less active markets and adjusted to reflect those differences.
- (iii) The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.
- (iv) Fair value hierarchy disclosures for investment properties have been provided in Note No. 50.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.12		
Financial Assets - (Non Current) Loans and Advances		
Unsecured, considered good		
Loans and Advances to Related Parties [Refer to Note No.48 (b) (i)]	950.00	950.00
	<u>950.00</u>	<u>950.00</u>
Note No.13		
Other Financial Assets - (Non Current)		
Unsecured, Considered Good		
Security Deposits with Electricity Board / Others	990.67	924.32
	<u>990.67</u>	<u>924.32</u>
Note No.14		
Other Non Current-Assets		
Unsecured, Considered Good		
Capital Advances	619.76	6,939.62
Deposits under protest, in Appeals	-	11.21
Income Tax Refund Receivable	85.74	158.70
Prepaid Expenses - Non-Current	56.85	53.97
	<u>962.35</u>	<u>7,163.50</u>
Note No.15		
Inventories		
(Valued at lower of cost or Net realisable Value)		
Finished Goods (Yarn and Fabrics)	4,423.23	3,166.14
Raw materials - Cotton, Cotton Waste & Yarn	7,599.42	9,637.41
Stores and Spares	413.09	245.94
Works-in-progress (Cotton and Yarn)	2,248.50	1,856.29
	<u>14,684.24</u>	<u>14,905.78</u>
Note:		
i) Raw materials includes Goods-in-transit of ₹ 881.86 Lakhs (PY: ₹ 647.34 Lakhs).		
ii) The total carrying amount of inventories as at reporting date has been pledged as Security for Borrowings.		
iii) Provision for Mark to Market losses of ₹ 218.34 Lakhs has been made in the value of Inventories of Raw materials (PY:NIL).		

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.16		
Trade Receivables		
Secured, Considered good	1,138.00	1,004.32
Unsecured, considered good	3,924.68	5,204.59
	<u>5,062.68</u>	<u>6,208.91</u>
Notes: (i) Trade receivables are generally non-Interest bearing. (ii) No trade receivable are due from Directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any Director is a partner, a Director or a Member. (iii) The total carrying amount of trade receivables has been pledged as security for Borrowings.		
Note No.17		
Cash and Cash Equivalents		
Cash on Hand	1.26	2.12
Balance with Bank		
In Current Account	108.29	151.50
	<u>109.55</u>	<u>153.62</u>
Note No.18		
Bank Balances other than Cash and Cash Equivalents		
Deposits with Banks held as security against Borrowings	475.00	150.00
earmarked balances with Banks for Unclaimed Dividend	54.93	64.68
	<u>529.93</u>	<u>214.68</u>
Note No.19		
Other Financial Assets (Current)		
Government Grants Receivable	400.82	415.63
Security Deposit	-	13.00
Insurance Claim receivable	-	0.45
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	233.98	448.18
	<u>634.80</u>	<u>877.26</u>

RAJAPALAYAM MILLS LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

		Amount ₹ in Lakhs		
	As at 31-03-2020	As at 31-03-2019		
Note No.20				
Other Current Assets				
Unsecured, considered good				
Advance to Suppliers / Others	192.86	88.96		
Tax Credit - Indirect Taxes	1,657.12	1,295.18		
Accrued Income	58.82	64.27		
Prepaid Expenses	151.81	165.66		
Other Current Assets	38.58	30.67		
	<u>2,099.19</u>	<u>1,644.74</u>		
Note No.21				
Equity Share Capital				
Authorised				
1,50,00,000 Equity Shares of Rs.10/- each (PY: 1,50,00,000 Equity Shares of Rs. 10/- each)	1,500.00	1,500.00		
Issued, Subscribed and Fully paid-up				
73,76,160 Equity Shares of Rs.10/- each (PY: 73,76,160 Equity Shares of Rs. 10/- each)	736.01	736.01		
	<u>736.01</u>	<u>736.01</u>		
a. Issued, Subscribed and fully paid-up Shares includes 62,13,850 Equity Shares (PY: 62,13,850 Equity Shares) of Rs. 10/- each, which were allotted as fully paid Bonus Shares by Capitalisation of Reserves.				
b. Reconciliation of the number of shares outstanding:				
Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	Amount	No. of Shares	Amount
Number of Shares at the beginning	73,76,160	737.62	73,76,160	737.62
Issued during the year - Bonus Issue	-	-	-	-
Issued during the year - Preferential Issue	-	-	-	-
Number of Shares at the end	73,76,160	737.62	73,76,160	737.62
c. Rights / Restrictions attached to Equity Shares				
The Company has one class of equity shares having a face value of Rs. 10/- each. Each Shareholder is eligible for one vote per share held. The Company declares and pays dividend in Indian Rupees. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
d. List of Shareholders holding more than 5 percent in the Company.				
Particulars	As at 31-03-2020		As at 31-03-2019	
	No. of Shares	% of holding	No. of Shares	% of holding
P.R. Venketrana Raja	14,66,080	19.88%	14,66,080	19.88%
P.V. Abinav Ramasubramaniam Raja	19,51,952	26.47%	19,51,952	26.47%

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.22		
Other Equity		
Capital Reserve	3.75	3.75
Capital Reserve on Consolidation	1,05,407.59	1,05,407.59
Securities Premium Reserve	1,490.48	1,490.48
General Reserve	68,037.16	59,521.96
FVTOCI Reserve	5.02	(37.15)
Retained Earnings	3,200.00	3,000.00
	<u>1,78,144.00</u>	<u>1,69,386.63</u>

Capital Reserve

Represents the difference between the shares allotted to the Share Holders of Transferor Company and Net Worth acquired from Transferor Company as per scheme of Amalgamation.

Capital Reserve on Consolidation

Capital Reserve on Consolidation represents excess of the Parent's share of the net fair value of the investments in Associates over the cost of the investments which is recognised directly in Equity as Capital Reserve upon transition.

Securities Premium Reserve

Represents excess of share subscription money reserved over par value of shares.

FVTOCI Reserve

Fair Value through Other Comprehensive Income Reserve represents the balance in equity for items to be accounted in Other Comprehensive Income (OCI). The Company has opted to recognise the changes in the fair value of certain investments in equity instruments and remeasurement of defined benefit obligations in OCI. The Company transfers amounts from this reserve to Retained Earnings in case of actuarial loss / gain and in case of fair value recognition of equity instrument, the same will be transferred when the respective equity instruments are derecognised.

General reserve

The general reserve is used from time to time to transfer profits from retained profits. There is no policy of regular transfer.

Retained earnings

Represents that portion of the net income of the Company that has been retained by the Company.

The Board of Directors have recommended the payment of Final Dividend ₹ 1/- per share for the year 2019-20 (PY ₹ 4/- per Share). This proposed dividend is subject to the approval of Shareholders in the ensuing Annual General Meeting.

Note No.23

Non Current Borrowings

Secured

Term Loan from Banks	27,505.64	18,844.13
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Unsecured

Term Loan from Banks	3,500.00	741.18
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	<u>31,005.64</u>	<u>19,585.31</u>
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a) Term Loan from Banks of ₹ 23,199.39 Lakhs (PY: ₹ 15,244.13 Lakhs) are secured by pari-passu first charge on moveable Fixed Assets of the Company and pari-passu second charge on the Current Assets of the Company.

b) Term Loan of ₹ 4,306.25 Lakhs (PY: ₹ 3,600 Lakhs) are secured by residual charge on moveable Fixed Assets of the Company.

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
c) The Long Term Borrowings from Banks are repayable in quarterly installments. The year wise repayment is as follows:		
Year	Amount	Amount
2020-21	-	4,285.02
2021-22	7,108.19	3,530.82
2022-23	6,828.85	3,240.38
2023-24	4,692.74	1,896.17
2024-25	3,545.56	1,907.21
2025-26	2,778.88	1,442.13
2026-27	2,607.60	1,490.21
2027-28	3,074.00	1,793.37
2028-29	369.81	-
	31,005.64	19,585.31
Note No.24		
Provision (Non - Current)		
Provision for Employee Benefits	400.30	347.83
[Refer to Note No. 44]		
	400.30	347.83
Note No.25		
DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liability		
Tax effect on difference between book depreciation and depreciation under the Income Tax Act, 1961	6,974.48	5,819.45
Tax effect on Fair Value Measurement	11.46	(6.49)
Deferred Tax Asset		
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,708.50)	-
Tax impact on Provision for Bonus and Leave Encashment	(235.08)	(261.93)
Unused Tax Credits (MAT Credit Entitlement)	(3,273.11)	(3,273.11)
	1,769.25	2,277.92
Reconciliation of Deferred Tax Liabilities (net)		
Opening balance as on 1st April	2,277.92	2,442.97
Tax (Savings)/Expense during the period recognised in Profit and Loss	(508.67)	(188.84)
Deferred Tax recognised in OC	-	23.79
Closing balance as on 31st March	1,769.25	2,277.92

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.26		
Deferred Income		
Deferred Income Government Grants	-	28.58
Note No.27		
Current Borrowings		
Secured		
Loan from Banks	12,152.75	12,099.18
Unsecured		
Loan from Banks	5,273.15	5,000.00
Loans and Advances from Related Party	2,574.98	2,935.56
[Refer to Note No.48 (b) (ii)]		
	<u>20,000.88</u>	<u>20,034.74</u>

Borrowings are secured by pari-passu first charge on the current assets of the Company and pari-passu second charge on the fixed assets of the Company.

Note No.28		
Trade Payables		
(i) Total outstanding dues of micro enterprises and small enterprises	40.97	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises	1,792.92	1,940.64
	<u>1,833.89</u>	<u>1,940.64</u>

Notes :The categorization of supplier as MSME registered under The Micro, Small and Medium Enterprises Development Act, 2006, has been determined based on the information available with the company as at the reporting date. The disclosures as per the requirement of the Act are furnished as below:

(a)	(i) The principal amount remaining unpaid to any supplier at the end of the financial year included in Trade payables	40.97	-
	(ii) The interest due on the above	-	-
(b)	The amount of interest paid by the buyer in terms of section 16 of the Act	-	-
(c)	The amount of the payment made to the supplier beyond the appointed day during the financial year	-	-
(d)	The amount of interest accrued and remaining unpaid at the end of financial year	-	-
(e)	The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under this Act	-	-
Refer to Note No. 52 for information about risk profile of Trade payables under Financial Risk Management.			

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.29		
Other Current Financial Liabilities		
Current Maturities of Long Term Loans	7,289.29	6,228.43
Interest Accrued	253.50	137.05
Unpaid Dividends	54.93	64.68
PACK Memorial Fund	28.40	67.45
Liabilities for Other Finance	1,027.97	1,209.75
Financial Guarantee Contracts	30.32	180.38
Derivatives Designated as Hedges - Foreign Exchange Forward Contract	-	448.18
	<u>8,684.41</u>	<u>8,335.92</u>
Note No.30		
Provisions, Current		
Provision for Employee Benefits	<u>550.03</u>	<u>647.29</u>
	<u>550.03</u>	<u>647.29</u>
Note No.31		
Revenue from Operations		
Sale of Products		
Yarn	34,719.03	40,191.56
Waste Cotton	<u>513.66</u>	<u>434.11</u>
	<u>35,232.69</u>	<u>40,625.67</u>
Other Operating Revenue		
Export Incentive	97.40	113.46
Job Work Charges Received	<u>452.13</u>	<u>522.70</u>
	<u>35,782.22</u>	<u>41,261.83</u>
Note: Revenue from operation does not include an amount of ₹ 887.22 Lakhs, being sale value of fabric, which has been produced during trial run and netted-off with trial run expenses and capitalised during the financial year 2019-20 in accordance with Ind AS -16. (PY: NIL).		
Note No.32		
Finance Income		
Interest Receipts	<u>290.52</u>	<u>320.69</u>
	<u>290.52</u>	<u>320.69</u>
Note No.33		
Other Income		
Rent Receipts	41.40	36.14
Dividend Income	225.00	1,059.06
Profit on Sale of Property, Plant and Equipment	12.21	-
Exchange Gain on Foreign Currency Transactions (Net)	12.88	21.63
Government Grants	2.01	1.91
Miscellaneous Income	<u>268.46</u>	<u>139.51</u>
	<u>561.96</u>	<u>1,258.25</u>

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Amount ₹ in Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.34		
Cost of Materials consumed		
Raw materials Consumed		
Cotton & Cotton Waste	19,589.62	22,840.20
	<u>19,589.62</u>	<u>22,840.20</u>
Note: Raw material consumed does not include an amount of ₹ 451.20 Lakhs, being value of yarn consumed at fabric unit, during trial run and capitalised during the financial year 2019-20 in accordance with Ind AS 16. (PY: NIL)		
Note No.35		
Changes in Inventories of Finished Goods and Work-in-progress		
Opening stock		
Finished Goods	3,166.14	1,743.57
Work-in-Progress	1,856.29	1,585.39
	<u>5,022.43</u>	<u>3,328.96</u>
Less: Value of Stock transferred to Trial Run	611.09	
Add: Value of Stock transferred from Trial Run	405.11	
	<u>4,816.45</u>	
Closing Stock		
Finished Goods	4,423.23	3,166.14
Work-in-Progress	2,248.50	1,856.29
	<u>6,671.73</u>	<u>5,022.43</u>
Net Increase in Stock	<u>(1,855.28)</u>	<u>(1,693.47)</u>
Note No.36		
Employee Benefits		
Salaries , Wages and Bonus	4,844.98	4,979.72
Contribution to Provident and Other Funds	622.79	621.15
Staff and Labour Welfare & Training Expenses	250.74	285.74
	<u>5,718.51</u>	<u>5,886.61</u>
Note No.37		
Finance Costs		
Interest on Debts and Borrowings	2,398.77	2,106.00
Exchange differences on Foreign Currency Borrowings regarded as an adjustment to Borrowing cost	187.80	92.07
	<u>2,586.57</u>	<u>2,198.07</u>
Note No.38		
Depreciation and Amortisation Expense		
Depreciation of Plant, Property and Equipment [Refer to Note No. 7]	3,373.24	3,165.56
Depreciation on Investment Properties [Refer to Note No. 8]	0.24	0.23
Amortization of Intangible assets [Refer to Note No. 9]	11.17	12.26
	<u>3,384.65</u>	<u>3,178.05</u>

RAJAPALAYAM MILLS LIMITED
NOTE TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

Amount ₹ in Lakhs

	As at 31-03-2020		As at 31-03-2019	
Note No.39				
Other Expenses				
Manufacturing Expenses				
Power and Fuel	2,786.70		3,697.55	
Packing Materials Consumption	605.51		636.89	
Repairs to Buildings	126.75		122.79	
Repairs to Plant and Machinery	1,070.45		944.14	
Repairs - Wind Mills & Others	886.63		880.00	
Merchandising Expenses	154.92		97.12	
Job work Charges Paid	312.00	5,942.96	215.57	6,594.06
Establishment Expenses				
Managing Director's Remuneration	270.30		270.30	
Rates and Taxes	113.92		94.16	
Insurance	254.64		115.25	
Postage and Telephone	18.70		18.02	
Printing and Stationery	34.68		37.03	
Travelling Expenses	90.97		86.62	
Vehicle Maintenance	83.06		92.68	
Loss on Sale of Property, Plant and Equipment	-		19.55	
Directors Sitting Fees	21.30		26.40	
Rent	13.21		7.97	
Audit Fees and Legal Expenses	30.70		20.04	
Corporate Social Responsibility Expenses	18.40		72.91	
Mark to Market Loss on Cotton	218.34		-	
Miscellaneous Expenses	130.14	1,298.36	173.27	1,034.20
Selling Expenses				
Sales Commission	364.59		410.56	
Export Expenses	176.28		189.28	
Other Selling Expenses	201.52	762.39	148.82	749.66
		8,003.71		8,377.92
Note: The details of CSR Expenditure are furnished in Annexure - II to the Directors' Report.				

Amount ₹ In Lakhs

	As at 31-03-2020	As at 31-03-2019
Note No.40		
AUDITOR'S REMUNERATION		
As Auditor:		
Audit fee	5.00	4.40
Tax audit fee	0.60	0.60
In other capacity:		
Taxation matters	0.60	0.60
Other services (Certification fees)	0.70	1.54
Reimbursement of Expenses	0.53	0.66
	<u>7.43</u>	<u>7.80</u>
Note No.41		
Income Tax		
Components of Tax Expenses		
(i) Current Tax		
Charged in Profit or Loss section	-	102.47
Charged in Other Comprehensive Income section	-	(23.79)
	<u>-</u>	<u>78.68</u>
(ii) Deferred Tax		
Charged in Profit or Loss section	(508.67)	(188.84)
Charged in Other Comprehensive Income section	-	23.79
	<u>(508.67)</u>	<u>(165.05)</u>
Reconciliation Tax Expenses and Accounting Profit		
Accounting Profit before Tax including OCI	(1,670.18)	1,282.25
Corporate Tax Rate	31.20%	34.944%
Computed Tax Expenses at India's statutory Income Tax Rate	-	449.47
Increase / (Reduction) in taxes on account of:		
Tax adjustment of earlier years.	0.00	0.00
Income exempt / eligible for deduction Under Chapter VI-A	-	(686.61)
Non-deductible expenses	-	284.00
Other exempted items	-	(46.86)
Net effective income tax under Regular method (A)	<u>-</u>	<u>-</u>
Income Tax under MAT		
Accounting Profit before Tax including OCI	(1,670.18)	1,286.25
Tax rate under MAT	15.60%	21.549%
Computed Tax Expenses at India's statutory Income Tax Rate	-	277.17
Adjustment for income exempt / items eligible for deduction Under MAT provision	-	(198.49)
Net effective Income Tax (B)	<u>-</u>	<u>78.68</u>
Tax applicable higher of (A) or (B)	<u>-</u>	<u>78.68</u>

RAJAPALAYAM MILLS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31-03-2020

	Amount ₹ In Lakhs	
	As at 31-03-2020	As at 31-03-2019
Deferred Tax Recognised in the Statement of Profit and Loss		
Tax impact on difference between book depreciation and depreciation under the Income Tax Act, 1961	1,155.03	(85.41)
Tax effect on Fair Value Measurement	17.95	0.96
Tax effect on unabsorbed depreciation under Income Tax Act, 1961	(1,708.50)	-
Tax effect on Provision for Bonus and Leave Encashment	26.85	(1.92)
Unused Tax Credit i.e. MAT Credit Entitlement	-	(78.68)
	<u>(508.67)</u>	<u>(165.05)</u>

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note No. 42****Contingent Liabilities**

	₹ in Lakhs	
	As at 31-03-2020	As at 31-03-2019
Guarantees given by the bankers on behalf of Group	233.45	155.05
Demands / Claims not acknowledged as Debts in respect of matters in appeals relating to -		
- Parent	704.50	595.45
- Parent's share in Associates	15,497.98	15,949.77

Note No. 43

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

	As at 31-03-2020	As at 31-03-2019
Sri Visanu Shankar Mill Limited	2,800	2,800
Sandhya Spinning Mill Limited	3,500	3,500

Actual amount of loan outstanding against above Financial Guarantees

	As at 31-03-2020	As at 31-03-2019
Sri Visanu Shankar Mill Limited	957	1,871
Sandhya Spinning Mill Limited	1,036	2,057

Note No. 44

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

Defined Contribution Plan:

	₹ in Lakhs	
Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund	379.95	364.34
Employer's Contribution to Superannuation Fund	42.88	36.91

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

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

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

Particulars	₹ in Lakhs	
	2019-20	2018-19
As at the beginning of the year	1,067.72	937.58
Current Service Cost	85.50	74.14
Interest Cost	78.30	69.28
Actuarial Loss	75.19	67.15
Benefits paid	(-) 96.46	(-) 80.43
As at the end of the year	1,210.25	1,067.72

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

As at the beginning of the year	923.94	844.41
Expected return on plan assets	72.87	65.76
Actuarial gain / (loss)	1.98	(-) 0.94
Employer Contribution	146.15	95.14
Benefits paid	(-) 96.46	(-) 80.43
As at the end of the year	1,048.48	923.94

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

Particulars	₹ in Lakhs	
	2019-20	2018-19
Actual Return on Plan Assets:		
Expected Return on Plan Assets	72.87	65.76
Actuarial Gain / (Loss) on Plan Assets	1.98	(-) 0.94
Actual Return on Plan Assets	74.85	64.82
Reconciliation of Fair Value of Assets and Obligations:		
Fair value of plan assets	1,210.25	1,067.72
Present value of obligation	1,048.48	923.94
Difference, Amount recognized in Balance Sheet	161.77	143.78
Expenses recognized during the year:		
Current Service Cost	85.50	74.14
Net Interest on Obligations	5.43	3.52
Expenses recognized in Statement of Profit and Loss	90.93	77.66
Amount recognized in the Other Comprehensive Income:		
Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	2.88	62.55
Experience adjustments on Plan Assets	1.98	0.94
Changes in financial assumptions	(-) 78.07	4.60
Changes in demographic assumptions	--	---
Amount recognized in OCI during the year	73.21	68.09
Investment Details		
Funds with LIC	1,042.41	920.03
Bank Balance	6.07	3.91
Total	1,048.48	923.94
Actuarial assumptions:		
LIC 2012-14 Table applied for service mortality rate	Yes	Yes
Discount rate p.a	6.67%	7.68%
Expected rate of Return on Plan Assets p.a.	6.67%	7.68%
Rate of escalation in salary p.a	3.75%	4.00%
Rate of Employee Turnover	0.05%	0.50%

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

Particulars	31-03-2020	31-03-2019
Year 1	32.95	13.53
Year 2	39.90	122.08
Year 3	29.96	52.79
Year 4	55.59	38.14
Year 5	50.88	62.15
Next 5 Years	696.50	589.27

Quantitative Sensitivity Analysis for Significant Assumptions

Particulars	31-03-2020	31-03-2019
0.50% Increase in Discount Rate	90.15	80.01
0.50% Decrease in Discount Rate	104.76	91.55
0.50% Increase in Salary Growth Rate	104.97	91.78
0.50% Decrease in Salary Growth Rate	89.91	79.77

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

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

Particulars	2019-20	2018-19
As at the beginning of the year	391.64	315.97
Current Service Cost	28.88	22.96
Interest Cost	27.15	23.23
Actuarial Loss	43.84	59.51
Benefits paid	(-) 76.25	(-) 30.03
As at the end of the year	415.26	391.64

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

As at the beginning of the year	NIL	NIL
Expected return on plan assets	NIL	NIL
Actuarial gain / (loss)	NIL	NIL
Employer Contribution	76.25	30.03
Benefits paid	(-) 76.25	(-) 30.03
As at the end of the year	NIL	NIL

RAJAPALAYAM MILLS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Particulars	₹ in Lakhs	
	2019-20	2018-19
Actual Return of plan assets:		
Expected Return on Plan Assets	NIL	NIL
Actuarial Gain / (Loss) on Plan Assets	NIL	NIL
Actual Return on Plan Assets	NIL	NIL
Reconciliation of Fair Value of Assets and Obligations:		
Fair value of plan assets	NIL	NIL
Present value of obligation	415.26	391.64
Difference, Amount Recognized in Balance Sheet	415.26	391.64
Expenses recognized during the year:		
Current Service Cost	28.88	22.96
Net Interest on obligations	27.15	23.23
Actuarial Gain recognized during the year	43.84	59.51
Expenses recognized in the Statement of Profit & Loss	99.87	105.70
Amount recognized in the Other Comprehensive Income:		
Actuarial changes arising from:		
Experience adjustments on Plan Liabilities	NIL	NIL
Experience adjustments on Plan Assets	NIL	NIL
Changes in financial assumptions	NIL	NIL
Changes in demographic assumptions	NIL	NIL
Amount recognized in OCI during the year	NIL	NIL
Investment Details		
Funds with LIC	NIL	NIL
Bank Balance	NIL	NIL
Total	NIL	NIL
Actuarial assumptions:		
LIC 2012-14 Table applied for service mortality rate	Yes	Yes
Discount rate p.a	6.67%	7.68%
Expected rate of Return on Plan Assets p.a.	NIL	NIL
Rate of escalation in salary p.a	3.75%	4.00%
Rate of Employee Turnover	0.05%	0.50%

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

Particulars	31-03-2020	31-03-2019
Year 1	12.28	29.62
Year 2	11.57	32.71
Year 3	17.80	14.92
Year 4	25.51	12.32
Year 5	8.21	24.42
Next 5 Years	264.97	204.10

Quantitative Sensitivity Analysis for Significant Assumptions

Particulars	31-03-2020	31-03-2019
0.50% Increase in Discount Rate	29.22	27.26
0.50% Decrease in Discount Rate	33.83	30.66
0.50% Increase in Salary Growth Rate	33.89	30.71
0.50% Decrease in Salary Growth Rate	29.15	27.20

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

Note No.45**Disclosures Pertaining to Adoption of New Standard of Ind As 116, Leases**

Consequent to the introduction of Ind AS 116 on Leases replacing the old standard Ind AS 17, the company has applied Ind AS 116 using modified retrospective approach with the date of initial application of 1st April, 2019. Thus, the Company has changed its accounting policy and measured lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application and recognize Right-of-Use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, if any, relating to that lease recognized in the balance sheet immediately before the date of initial application.

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

In case of short-term leases, whose lease term is 12 months or less, the Company as a lessee opted to recognize the lease payments associated with those leases as an expense on a straight-line basis over the lease term. Further, the Company, as a lessee, opted not to apply the requirements whose lease term ends within 12 months from date of initial application. In this case, the Company account for those leases in the same way as short term leases.

COMPANY AS A LESSEE**Nature of leasing activities**

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

Other disclosures as required by Ind AS 116:

(₹ in Lakhs)

Particulars	31-03-2020	31-03-2019
Depreciation charge for Right-of-use asset	6.94	6.35
Interest on lease liabilities	NIL	NIL
Expenses relating to short-term leases	13.21	7.97
Total cash outflow for leases including principal and interest	NIL	NIL
Additions to Right-of-use assets upon transition to Ind AS 116	NIL	722.03
Carrying amount of Right-of-use assets at 31st March	708.74	715.68

Notes:

- i) The Company has capitalized one time non-refundable upfront charge for Right-to-Use of Land during the year NIL (PY: ₹ 722.03 Lakhs).
- ii) Expenses relating to Short-term lease include leases whose lease term ends within 12 months from date of initial application and leases whose non-cancellable period is less than 12 months, irrespective of the actual tenure agreed as per the arrangement.

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

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

Particulars	(₹ in Lakhs)	
	31-03-2020	31-03-2019
Not later than one year	1.05	0.88
One to five years	5.85	5.58
More than five years	12.25	13.57

Note No.46

Disclosure of Interests in Associates under equity method

Name of the Company	Location	Principal activities of Business
The Ramco Cements Limited (TRCL)	India	Manufacture of Cement and Cementitious materials
Ramco Industries Limited (RIL)	India	Manufacture of Building materials and Textiles
Ramco Systems Limited (RSL)	India	Software development

Name of the Company	% of Shareholding as at	
	31-03-2020	31-03-2019
The Ramco Cements Limited	14.04%	14.04%
Ramco Industries Limited	9.69%	9.69%
Ramco Systems Limited	2.40%	2.40%

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Summarised financial information for Associates:**

The summarized consolidated financial statements of the Associates are as below:

₹ in Lakhs

Balance Sheet	Non-current Assets	Investment in Associates	Current Assets	Non-current Liabilities	Current Liabilities	Total Equity
As at 31-03-2020						
The Ramco Cements Limited	8,30,716.00	24,989.00	1,57,571.00	2,78,945.00	2,33,632.00	5,00,699.00
Ramco Industries Limited	53,158.00	2,57,109.00	61,056.00	5,228.00	45,154.00	3,20,941.00
Ramco Systems Limited	53,665.30	149.90	43,989.50	8,979.30	28,035.30	60,790.10
As at 31-03-2019						
The Ramco Cements Limited	6,59,129.00	23,199.00	1,38,051.00	1,59,454.00	2,06,755.00	4,54,170.00
Ramco Industries Limited	49,360.97	2,44,027.90	57,222.65	8,281.78	37,112.60	3,05,217.14
Ramco Systems Limited	47,720.80	129.40	36,424.70	1,840.40	24,544.50	57,890.00

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

Profit and Loss	TRCL		RIL		RSL	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Total Revenue	5,42,280.00	5,18,730.00	1,01,493.00	1,06,057.11	57,808.70	55,179.80
Profit before tax	79,224.00	71,807.00	10,335.00	10,718.82	3,350.90	4,232.80
Tax expenses	18,785.00	21,061.00	3,442.00	3,267.64	2,279.70	2,546.10
Profit after Tax	60,439.00	50,746.00	6,893.00	7,451.18	1,071.20	1,686.70
Share of profit in Associate	68.00	397.00	10,060.00	9,784.56	20.60	4.40
Other Comprehensive Income	(495.00)	(108.00)	(361.00)	308.30	1,715.00	610.20
Total Comprehensive Income	60,012.00	51,035.00	16,592.00	17,543.35	2,806.80	2,301.30

Fair Value of Investments

Name of the material Associates	31-03-2020	31-03-2019
The Ramco Cements Limited	1,70,086.36	2,43,457.60
Ramco Industries Limited	9,409.88	17,870.37
Ramco Systems Limited	529.61	1,756.81

Share of contingent Liabilities in respect of associates

Name of the material Associates	31-03-2020	31-03-2019
The Ramco Cements Limited	14,613.66	15,252.50
Ramco Industries Limited	643.45	480.87
Ramco Systems Limited	240.87	216.39

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation to the carrying amount of investment in associates:

Profit and Loss	TRCL		RIL		RSL	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
Entity's TCI	60,012.00	51,035.00	16,592.00	17,543.35	2,806.80	2,301.30
Entity's Adjusted TCI	58,952.00	49,725.00	6,168.97	7,892.63	2,732.00	2,251.00
Effective shareholding %	16.08%	16.08%	11.86%	11.86%	2.40%	2.40%
Associates share of profit / OCI	9,477.42	7,952.00	731.67	913.78	65.49	53.98
Less: Unrealised profit on inter-company transactions (net of tax)	-	-	-	-	-	-
Amount recognized in P & L	9,477.42	7,952.00	731.67	913.78	65.49	53.98
Reconciliation						
Opening Carrying amount	1,31,280.58	1,23,230.76	11,647.31	9,764.71	4,882.33	4,828.91
Less: Adjustment on Deemed Disposal	-	-	-	-	-	0.56
Add: Acquisition during the year	-	1,084.97	-	1,008.42	-	-
Add: Associate's share of Profit / OCI	9,477.42	7,952.00	731.67	913.78	65.49	53.98
Less: Dividend received	1,818.57	987.15	84.02	39.60	-	-
Net Carrying amount	1,38,939.43	1,31,280.58	12,294.96	11,647.31	4,947.82	4,882.33

Notes:

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

Note No.47

EARNINGS PER SHARE

Particulars	31-03-2020	31-03-2019
Net profit after tax (₹ in Lakhs) (A)	9,206.16	10,447.49
Weighted average number of Equity shares after deducting treasury shares [In Lakhs] (B)	73.60	73.60
Nominal value per equity share (in ₹)	10.00	10.00
Basic & Diluted Earnings per share (A)/(B) (in ₹)	125.08	141.95

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note No.48****RELATED PARTY TRANSACTIONS**

Information on names of Related parties and nature of Relationship as required by Ind AS 24 on Related party disclosures for the year ended 31st March 2020:

a. Associates Company

Name of the Company	Country of Incorporation	% of Shareholding as at	
		31-03-2020	31-03-2019
The Ramco Cements Limited	India	14.04%	14.04%
Ramco Industries Limited	India	9.69%	9.69%
Ramco Systems Limited	India	2.40%	2.40%

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

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

c. Relatives of Key Managerial Personnel

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

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

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

e. Employee Benefit Funds where control exists

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

f. Other entities over which there is a significant influence

Smt. Lingammal Ramaraju	PACR Sethurammammal Charity Trust
Shastra Prathishta Trust	
Ramco Welfare Trust	PACR Sethurammammal Charities
Raja Charity Trust	PAC Ramasamy Raja Education Charity Trust
Gowri Metal Works LLP	PAC Centenary Trust
Ramco Organic Farming Centre	

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

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

Name of the Related Party	₹ in Lakhs	
	Value	
	2019-20	2018-19
Associates		
Ramco Industries Limited	686.55	745.87
Ramco Systems Limited	0.81	0.81

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

Name of the Related Party	₹ in Lakhs	
	Value 2019-20	2018-19
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	1,087.88	727.57
Sri Vishnu Shankar Mill Limited	502.01	1,065.29
Sandhya Spinning Mill Limited	539.04	761.32
Rajapalayam Textile Limited	567.77	845.88
Sri Harini Textiles Limited	13.07	188.42

ii. Sale of Fixed Assets

Name of the Related Party	Value	
	2019-20	2018-19
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	0.15	18.63
Sri Vishnu Shankar Mill Limited	NIL	47.23
Sandhya Spinning Mill Limited	9.06	1.98
Rajapalayam Textile Limited	159.13	44.98
Sri Harini Textiles Limited	6.66	NIL

iii. Cost of Goods & Services purchased / availed

Name of the Related Party	₹ in Lakhs	
	Value 2019-20	2018-19
Associates		
The Ramco Cements Limited	10.31	6.54
Ramco Industries Limited	761.51	496.07
Ramco Systems Limited	154.14	28.35
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	223.12	4.03
Sri Vishnu Shankar Mill Limited	1,072.27	1,039.06

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

Name of the Related Party	₹ in Lakhs	
	Value	
	2019-20	2018-19
Ramco Windfarms Limited	418.82	440.27
Sandhya Spinning Mill Limited	497.84	356.97
Rajapalayam Textile Limited	448.37	0.46
Sri Harini Textiles Limited	NIL	43.35
Shri Harini Media Limited	0.74	0.74
Other entities over which there is a significant influence		
PACR Sethuramammal Charity Trust	152.97	153.73
Gowrihouse Metal Works LLP	0.35	NIL
Ramco Organic Farming Centre	0.24	NIL

iv. Purchase of Fixed Assets

Name of the Related Party	Value	
	2019-20	2018-19
Associates		
The Ramco Cements Limited	0.22	NIL
Ramco Industries Limited	252.05	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	62.60	66.01
Sri Vishnu Shankar Mill Limited	120.02	278.95
Sandhya Spinning Mill Limited	35.12	316.09
Thanjavur Spinning Mill Limited	NIL	31.17
Rajapalayam Textile Limited	21.48	4.53

v. Purchase of Equity Shares

Name of the Related Party	Value	
	2019-20	2018-19
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Vishnu Shankar Mill Limited	NIL	1,081.60
Relative of Key Managerial Personnel		
Smt. Saradha Deepa	NIL	1,008.42

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

Name of the Related Party	₹ in Lakhs Value	
	2019-20	2018-19
Companies over which KMP / Relative of KMP exercise significant Influence		
Sandhya Spinning Mill Limited	NIL	813.53
Relative of Key Managerial Personnel		
Smt. S.Sharada Deepa	1.68	1.50

vii. Dividend Paid

Name of the Related Party	Value	
	2019-20	2018-19
Key Managerial Personnel		
Shri P.R. Venketrama Raja	58.64	58.64
Smt. R. Sudarsanam	2.55	2.55
Smt. P.V. Nirmala Raju	0.11	0.11
Shri P.V. Abinav Ramasubramaniam Raja	78.08	78.08
Associates		
The Ramco Cements Limited	1.02	1.02
Ramco Industries Limited	5.09	5.09
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	5.41	5.41
Sri Vishnu Shankar Mill Limited	1.19	1.19
Sandhya Spinning Mill Limited	0.02	0.02
Ramco Management Private Limited	0.08	0.08
Relative of Key Management Personnel		
Smt. R. Chittarimal	3.31	3.31
Smt. R. Nalina Ramalakshmi	0.27	0.27
Smt. S.Sharada Deepa	0.44	0.44
Smt. B. Sri Sandhya Raju	0.66	0.66

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****viii. Dividend Received**

Name of the Related Party	₹ in Lakhs Value	
	2019-20	2018-19
Associates		
The Ramco Cements Limited	1,818.58	987.15
Ramco Industries Limited	84.02	39.60
Companies over which KMP / Relative of KMP exercise significant Influence		
The Ramaraju Surgical Cotton Mills Limited	NIL	0.02
Thanjavur Spinning Mill Limited	225.00	1,059.04

ix. Interest Paid / (Received)

Name of the Related Party	Value	
	2019-20	2018-19
Key Managerial Personnel		
Shri P.R. Venketrama Raja	3.12	NIL
Smt. R. Sudarsanam	13.16	27.42
Smt. P.V. Nirmala Raju	2.96	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	(104.79)	(104.50)
Thanjavur Spinning Mill Limited	241.25	113.20

x. Directors' Sitting Fees

Name of the Related Party	Value	
	2019-20	2018-19
Key Managerial Personnel		
Shri P.R. Venketrama Raja	1.50	2.10
Smt. R. Sudarsanam	1.20	1.50
Smt. P.V. Nirmala Raju	1.20	NIL
Shri S.S. Ramachandra Raja	1.50	1.80
Shri N.K. Ramasuwami Raja	3.00	3.60

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

Name of the Related Party	Value	
	2019-20	2018-19
Shri A.V. Dharmakrishnan	2.70	3.30
Justice Shri P.P.S. Janarthana Raja	3.60	4.20
Shri V. Santhanaraman	1.50	1.80
Shri K.B. Nagendra Murthy	1.80	3.30
Smt Soundara Kumar	1.20	1.20
Shri P.V. Abinav Ramasubramaniam Raja	0.90	1.80
Shri P.A.S Alaghar Raja	1.20	1.80

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

Name of the Related Party	Value ₹ in Lakhs	
	2019-20	2018-19
Key Managerial Personnel		
Smt. R. Sudarsanam, Managing Director	270.30	270.30
Shri B. Gnanagurusamy, Chief Financial Officer	42.96	39.31
Shri A. Arulpranavam, Secretary	11.00	10.89

xii. CSR / Donation given

Name of the Related Party	Value	
	2019-20	2018-19
Other entities over which there is a significant influence		
PACR Sethurammam Charities	NIL	3.50
PAC Ramasamy Raja Education Charity Trust	9.00	37.05
PACR Centenary Trust	1.74	2.00
Raja Charity Trust	35.05	NIL

xiii. Contribution to Superannuation Fund / Gratuity Fund

Name of the Related Party	Value	
	2019-20	2018-19
Other entities over which there is a significant influence		
Rajapalayam Mills Limited Officers' Superannuation Fund	42.88	36.91
Rajapalayam Mills Limited Employees' Gratuity Fund	162.56	145.75

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****xiv. Maximum amount of loans and advance / (borrowings) outstanding during the year**

Name of the Related Party	₹ in Lakhs	
	Value 2019-20	2018-19
Key Managerial Personnel		
Shri P.R. Venketrama Raja	(72.81)	NIL
Smt. R. Sudarsanam	(443.38)	(435.56)
Smt. P.V. Nirmala Raja	(100.95)	NIL
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	950.00	950.00
Thanjavur Spinning Mill Limited	(2,864.00)	(2,500.00)

xv. Usage charges paid for Power Consumed by virtue of Joint Ownership of Shares with APGPCL

Name of the Related Party	Value	
	2019-20	2018-19
Associates		
The Ramco Cements Limited	0.26	3.43

b. Outstanding balance including commitments**i. Loans and advances**

Name of the Related Party	Value	
	31-03-2020	31-03-2019
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Harini Textiles Limited	950.00	950.00

ii. Borrowings:

Name of the Related Party	Value	
	31-03-2020	31-03-2019
Key Managerial Personnel		
Shri P.R. Venketrama Raja	72.81	NIL
Smt. R. Sudarsanam	29.51	435.56
Smt. P.V. Nirmala Raja	12.66	NIL

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Companies over which KMP / Relative of KMP exercise significant Influence**

Thanjavur Spinning Mill Limited	2,460.00	2,500.00
---------------------------------	----------	----------

iii. Security deposit paid by virtue of Joint Ownership of shares with APGPCL

Name of the Related Party	₹ in Lakhs	
	Value	
	31-03-2020	31-03-2019
Associates		
The Ramco Cements Limited	NIL	13.00

iv. Corporate Guarantee given to lender of Related parties

Name of the Related Party	Value	
	31-03-2020	31-03-2019
Companies over which KMP / Relative of KMP exercise significant Influence		
Sri Vishnu Shankar Mill Limited	2,800	2,800
Sandhya Spinning Mill Limited	3,500	3,500

These Guarantees have been given as an additional security to secure the borrowings of the above Companies for their modernization / expansion.

v. Trade Payables

Name of the Related Party	Value	
	31-03-2020	31-03-2019
Associates		
Ramco Industries Limited	31.84	Nil

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

(b) The loan balance with Banks by the related parties, on the strength of the above Corporate Guarantees given by the Company are furnished below:

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

Particulars	As at 31-03-2020	As at 31-03-2019
Sri Vishnu Shankar Mill Limited	957.00	1,871.00
Sandhya Spinning Mill Limited	1,036.00	2,057.00

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

Particulars	₹ in Lakhs	
	31-03-2020	31-03-2019
Short - Term Benefits ^[1]	289.63	287.51
Defined Contribution Plan ^[2]	34.63	34.49
Defined Benefit Plan / Other Long-Term Benefits ^[3]	-	-
Total	324.26	322.00

1. It includes bonus, sitting fees, and value of perquisites.
2. It includes contribution to Provident fund and Superannuation fund
3. As the liability for gratuity and compensated absences are provided on actuarial basis for the Company as a whole, amounts accrued pertaining to key managerial personnel are not included above.

RAJAPALAYAM MILLS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE NO. 49

Segment Information for the year ended 31-03-2020

(₹ in Lakhs)

Particulars	Textiles		Power from Windmills		Total	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019	31-03-2020	31-03-2019
REVENUE						
External Sales / Other Operating Income	35,782.22	41,261.83	-	-	35,782.22	41,261.83
Inter Segment Sale	-	-	3,975.99	4,146.18	3,975.99	4,146.18
Total	35,782.22	41,261.83	3,975.99	4,146.18	39,758.21	45,408.01
Other Income	304.64	363.97	-	-	304.64	363.97
Total Revenue	36,086.86	41,625.80	3,975.99	4,146.18	40,062.85	45,771.80
RESULT						
Segment Profit	(1,878.98)	32.16	2,278.56	2,343.66	399.58	2,375.82
Unallocated Income	-	-	-	-	355.88	1,059.07
Unallocated Expenses	-	-	-	-	-	-
Operating Profit	-	-	-	-	755.46	3,434.89
Interest Expenses	-	-	-	-	2,586.57	2,198.07
Interest Income	-	-	-	-	191.97	155.91
Provision for Taxation	-	-	-	-	-	-
Current Tax	-	-	-	-	-	102.47
Income Tax related to earlier years	-	-	-	-	-	(77.58)
Deferred Tax	-	-	-	-	(508.67)	(188.84)
Profit from ordinary activities	-	-	-	-	(1,130.47)	1,556.68
Other Comprehensive Income after Tax	-	-	-	-	(31.04)	(106.48)
Exceptional Items	-	-	-	-	-	-
Share of TCI from Associates	-	-	-	-	10,274.58	8,919.76
Total Comprehensive Income (TCI) after Tax	-	-	-	-	9,113.07	10,369.96
OTHER INFORMATION						
Segment Assets	77,439.31	65,632.86	5,945.45	6,363.28	83,384.76	71,996.14
Unallocated Assets	-	-	-	-	1,59,739.65	1,51,324.73
Total Assets	-	-	-	-	2,43,124.41	2,23,320.87
Segment Liabilities	4,179.31	4,912.35	-	-	4,179.31	4,912.35
Unallocated Liabilities	-	-	-	-	60,065.09	48,285.88
Total Liabilities	-	-	-	-	64,244.40	53,198.23
Capital Expenditure	17,192.86	21,611.30	-	17.86	17,192.86	21,629.16
Unallocated Capital Expenditure	-	-	-	-	-	-
Depreciation	2,966.81	2,762.12	417.84	415.93	3,384.65	3,178.05
Unallocated Depreciation Expenditure	-	-	-	-	-	-
Non-Cash expenses other than Depreciation	-	-	-	-	-	-

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS****Note No. 50****Disclosure of Fair value measurements**

The fair values of financial assets and liabilities are determined at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial instruments approximate their carrying amounts largely due to their short term maturities of these instruments.

Financial Instruments by category**₹ in Lakhs**

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
As at 31-03-2020					
Financial Assets					
Investments - Preference Shares	2,500.00	-	-	2,500.00	2,500.00
Other Investments	-	-	107.44	107.44	107.44
Loans and Advances	950.00	-	-	950.00	950.00
Trade Receivables	5,062.68	-	-	5,062.68	5,062.68
Cash and Bank Balances	639.48	-	-	639.48	639.48
Other Financial Assets	1,625.47	-	-	1,625.47	1,625.47
Financial Liabilities					
Borrowings	58,295.81	-	-	58,295.81	58,295.81
Trade Payables	1,833.87	-	-	1,833.87	1,833.87
Other Financial Liabilities	1,395.12	-	-	1,395.12	1,395.12
As at 31-03-2019					
Financial Assets					
Investments - Preference Shares	2,500.00	-	-	2,500.00	2,500.00
Other Investments	-	-	64.50	64.50	64.50

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

₹ in Lakhs

Particulars	Amortised Cost	FVTPL	FVTOCI	Carrying Amount	Fair Value
Loans and Advances	950.00	-	-	950.00	950.00
Trade Receivables	6,208.91	-	-	6,208.91	6,208.91
Cash and Bank Balances	368.30	-	-	368.30	368.30
Other Financial Assets	1,801.58	-	-	1,801.58	1,801.58
Financial Liabilities					
Borrowings	45,848.48	-	-	45,848.48	45,848.48
Trade Payables	1,940.64	-	-	1,940.64	1,940.64
Other Financial Liabilities	2,107.49	-	-	2,107.49	2,107.49

Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments and investment properties by valuation technique:

- Level 1 : Quoted (Unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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

The details of financial instruments that are measured at fair value on recurring basis are given below:

₹ In Lakhs

Particulars	Level 1	Level 2	Level 3	Total
Financial Instruments at FVTOCI				
Investments in listed equity securities				
As at 31-03-2020	8.29	-	-	8.29
As at 31-03-2019	7.52	-	-	7.52
Investment in unlisted securities				
As at 31-03-2020	-	-	99.14	99.14
As at 31-03-2019	-	-	56.97	56.97
Financial Instruments at FVTPL				
Foreign exchange forward contracts				
As at 31-03-2020 (Asset)	-	233.98	-	233.98
As at 31-03-2019 (Asset)	-	448.18	-	448.18

Valuation techniques used to determine the fair value

The significant inputs used in the fair value measurement categorized within the fair value hierarchy are given below:

Nature of Financial Instrument	Valuation Technique	Remarks
Investment in Listed securities / Mutual Funds	Market Value	Closing Price as at reporting date in Stock Exchange
Investment in Unlisted securities	Adjusted Net Assets	Net Assets value as per Balance Sheet of respective Companies as at reporting date.
Foreign exchange forward contracts	Mark to Market	Based on MTM valuations provided by the Banker
Financia Guarantee Obligation	Differential Interest Rate	Interest rates quote have been obtained from the Banker

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.51

Impact of COVID - 19:

- (i) Due to outbreak of Covid-19 in India and consequent implementation of lockdown of industries during the month of March, 2020, the market price of Cotton had fallen by 5% due to poor market demand. The Company has made a provision for diminution in stock value of cotton to the extent of ₹ 218.34 Lakhs. Starting from April, 2020, the Cotton Corporation of India (CCI) has started selling the cotton by offering huge discount due to extended lockdown announced by Government of India and the market price of cotton had fallen further by another 10% and there was a further loss due to mark to market value of cotton inventory of ₹ 242.61 Lakhs after 31-03-2020.
- (ii) In view of the lock-down declared across the country by the Central / State Governments due to COVID-19 pandemic during second half of March 2020, the company's operations were adversely impacted. The operations have since resumed in a phased manner during April / May 2020 in accordance with the guidelines issued by the relevant regulatory authorities with regard to adhering of social distancing and following prescribed hygiene standards. The Company continues to comply with such guidelines from time to time.

The Company has sufficient liquidity / financing arrangements for the continuity of business operations. The lock-down due to COVID-19 is continuing with certain relaxations in FY 2020-21 and the Company is continuing its operations with lower demand. The Company expects the demand for yarn to get back to its normal levels, based on further relaxations that would be announced by the Central and State Governments, in the course of time.

The Company has assessed the potential impact of COVID-19 based on the current circumstances and expects no significant impact on the

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

continuity of operations of the business on long-term basis. The Company does not have any material risk of non-fulfilment of obligations by any party arising out of existing contracts / agreements.

The Company has exercised due care in determining its significant accounting judgements and estimates while preparing its financial statements including internal controls over financial reporting. As per the current assessment of the Company, there is no material impact on the carrying values of trade receivables and other financial / non-financial assets as at the reporting date. The Company continues to closely monitor the developments in economic conditions and assess its impact. However, the final impact may differ from the current estimates made as at the date of approval of the financial statements for the year ended 31-03-2020 considering the prevailing uncertainties.

Note No.52**Financial Risk Management**

The Board of Directors (BOD) has overall responsibility for the establishment and oversight of the Company's risk management framework and thus established a risk management policy to identify and analyse the risk faced by the Company. Risk Management systems are reviewed by the BOD periodically to reflect changes in market conditions and the Company's activities. The Company through its training and management standards and procedures develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit committee is assisted in the oversight role by Internal Audit. Internal Audit undertakes reviews of the risk management controls and procedures, the results of which are reported to the Audit Committee.

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

The Company has the following financial risks:

Categories of Risk	Nature of Risk
Credit Risk	Receivables
	Financial Instruments and Cash deposits
Liquidity Risk	Fund Management
Market Risk	Foreign Currency Risk.
	Cash flow and fair value interest rate risk.

The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks:

Credit Risk

Credit Risk is the risk of financial loss to the Company if the customer or counterparty to the financial instruments fails to meet its contractual obligations and arises principally from the Company's receivables, treasury operations and other operations that are in the nature of lease.

Receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer. The Company extends credit to its customers in the normal course of business by considering the factors such as financial reliability of customers. The Company evaluates the concentration of the risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets. In case of Corporate / Export Customer, credit risks are mitigated by way of enforceable securities. However, unsecured credits are extended based on creditworthiness of the customers on case to case basis.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the company and where there is a probability of default, the company creates a provision based on Expected Credit Loss for trade receivables under simplified approach as below:

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

₹ in Lakhs

Particulars	Due less than 45 days	46 to 90 days	91 to 180 days	More than 180 days	Total
As at 31-03-2020					
Gross carrying amount	3,154.71	1,474.57	160.15	273.25	5,062.68
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	3,154.71	1,474.57	160.15	273.25	5,062.68
As at 31-03-2019					
Gross carrying amount	4,461.06	813.22	933.31	1.32	6,208.91
Expected Loss Rate	0%	0%	0%	0%	0%
Expected Credit Losses	0%	0%	0%	0%	0%
Carrying amount of trade receivables net of impairment	4,461.06	813.22	933.31	1.32	6,208.91

Financial Instruments and Cash deposits

Investments of surplus funds are made only with the approved counterparties. The Company is presently exposed to counter party risk relating to short term and medium term deposits placed with Banks. The Company places its cash equivalents based on the creditworthiness of the financial institutions.

Liquidity Risk

Liquidity Risks are those risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. In the management of liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and to mitigate the effects of fluctuations in cash flows.

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

Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available. The Company has laid well defined policies and procedures facilitated by robust information system for timely and qualitative decision making by the management including its day to day operations.

Financial arrangements:

The Company has access to the following undrawn borrowing facilities:

Particulars	₹ In Lakhs	
	31-03-2020	31-03-2019
Expiring within one year		
Bank Overdraft and other facilities	38,378.79	10,381.00
Term Loans	392.04	11,682.00
Expiring beyond year		
Term Loans	-	-

Maturities of Financial Liabilities

Nature of Financial Liability	< 1 Year	1 - 5 Years	>5 years	Total
As at 31-03-2020				
Borrowings from Banks	27,290.17	24,954.23	6,051.41	58,295.81
Trade payables	1,833.89	-	-	1,833.89
Other Financial Liabilities (Incl. Interest)	1,395.12	-	-	1,395.12
As at 31-03-2019				
Borrowings from Banks	26,263.17	14,859.60	4,725.71	45,848.48
Trade payables	1,940.64	-	-	1,940.64
Other Financial Liabilities (Incl. Interest)	2,107.49	-	-	2,107.49

Foreign Currency Risk

The Company's exposure in USD and other foreign currency denominated transactions in connection with import of cotton, capital goods & spares, besides exports of finished goods and borrowings in foreign currency, gives rise to exchange rate fluctuation risk. The Company has following policies to mitigate this risk:

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Decisions regarding borrowing in Foreign Currency and hedging thereof, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contract after taking into consideration the anticipated Foreign exchange inflows / outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

Decisions regarding borrowing in Foreign Currency and hedging thereof, (both interest and exchange rate risk) and the quantum of coverage is driven by the necessity to keep the cost comparable. Foreign Currency loans, imports and exports transactions are hedged by way of forward contracts / packing credit in foreign currency which acts as natural hedge against export receivable. The Company enters the above transactions, after taking into consideration the anticipated Foreign exchange inflows/outflows, timing of cash flows, tenure of the forward contract and prevailing Foreign exchange market conditions.

The Company uses derivative financial instruments viz. Foreign Exchange Forward Contracts exclusively for hedging currency risks that arise from imports / exports transactions. The Company measures the risk by forecasting foreign currency cash flows and manages its currency risks by appropriately hedging the transactions. When a forward contract is entered into for the purpose of being a hedge, the Company finalizes the terms of those forward contracts to match the terms of the hedged exposure i.e. receivables / payables / Firm Commitments. All identified exposures are managed as per the policy duly approved by the Board of Directors.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities / Firm Commitments as at the end of reporting periods are given below:

RAJAPALAYAM MILLS LIMITED
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
As at 31-03-2020
In Millions

Type	Particulars	USD
Hedged Items	Financial Assets / Firm commitments related to Financial Assets	
	(a) Trade Receivables	1.45
	(b) Export Sale Contracts	4.30
	Financial Liabilities / Firm Commitments related to Financial	
	(a) Buyers Credit Loan	4.05
	(b) Contracts for import of materials	1.12
Hedging Instruments (Forward contracts)	Instruments for hedging the currency risk on Financial Assets	
	(a) PCFC Loan	4.70
	(b) Bill discount - Export	0.30
	Instruments for hedging the currency risk on Financial Liabilities	
	(a) Forward contracts for Buyers Credit Loan	4.05
	(b) Forward contract for Imports	1.12

As at 31-03-2019
In Millions

Type	Particula	USD	EURO	CHF	JPY
Hedged Items	Financial Assets / Firm commitments related to Financial Assets				
	(a) Trade Receivables	1.42			
	(b) Export Sale Contracts	3.00			
	Financial Liabilities / Firm Commitments related to Financial Liabilities				
	(a) Contracts for import of materials	1.29	3.30	1.12	1.04
Hedging Instruments (Forward contracts)	Instruments for hedging the currency risk on Financial Assets				
	(a) PCFC Loan	4.41			
	Instruments for hedging the currency risk on Financial				
	(a) Forward contract for Imports	1.29	3.30	1.12	1.04

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

The details of foreign currency forward contracts outstanding at the end of the reporting period is given below:

Particulars	Foreign currency (in Lakhs)		Nominal Amount (₹ in Lakhs)	
	31-03-2020	31-03-2019	31-03-2020	31-03-2019
USD / INR buy forward	52.16	12.88	3,946.51	890.66
EURO / INR buy forward		32.97		2561.12
CHF / INR buy forward		11.20		777.64
JYP / INR buy forward		10.40		649.14
Fair value liabilities			(132.47)	306.79

The above forward contracts are having maturity of less than 12 months.

Cash flow and fair value interest rate risk

Interest rate risk arises from long term borrowings with variable rates which exposed the company to cash flow interest rate risk. The Company's fixed rate borrowing are carried at amortized cost and therefore are not subject to interest rate risk as defined in Ind AS 107 since neither the carrying amount nor the future cash flows will fluctuate because of the change in market interest rates. The Company is exposed to the evolution of interest rates and credit markets for its future refinancing, which may result in a lower or higher cost of financing, which is mainly addressed through the management of the fixed/floating ratio of financial liabilities. The Company constantly monitors credit markets to strategize a well-balanced maturity profile in order to reduce both the risk of refinancing and large fluctuations of its financing cost. The Company believes that it can source funds for both short term and long term at a competitive rate considering its strong fundamentals on its financial position.

RAJAPALAYAM MILLS LIMITED**NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS*****Interest rate risk exposure***

Particulars	₹ in Lakhs	
	31-03-2020	31-03-2019
Variable rate borrowings	58,295.81	45,848.48
Fixed rate borrowings	-	-

The Company does not have any interest rate swap contracts.

Sensitivity on Interest rate fluctuation

Incremental Interest Cost works out to	31-03-2020	31-3-2019
1% Increase in Interest Rate	582.96	458.49

Note No.53**Events after the reporting period – Distribution made and proposed**

Particulars	₹ in Lakhs	
	31-03-2020	31-03-2019
Cash Dividends on Equity Shares declared and paid		
Final dividend for the year ended 31st March 2019: ₹ 4/- per share (PY: ₹ 4/- per share)	295.05	295.05
Dividend Distribution Tax on Dividend Paid	60.65	60.06
Proposed Dividends on Equity Shares		
Final dividend for the year ended 31st March 2020: ₹ 1/- per share (PY: ₹ 4/- per share)	73.76	295.05
Dividend Distribution Tax on Proposed Dividend		60.65

RAJAPALAYAM MILLS LIMITED

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

As per our report annexed

On behalf of the Board of Directors
For RAJAPALAYAM MILLS LIMITED



SHRI P.R. VENKETRAMA RAJA
Chairman



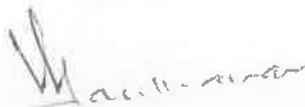
SMT. R. SUDARSANAM
Managing Director

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



R. PALANIAPPAN
Partner
Membership No. 205112

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



P. SANTHANAM
Partner
Membership No. 018697



B GNANAGURUSAMY
Chief Financial Officer

Chennai
24-06-2020



A ARULPRANAVAM
Secretary

**ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013 OF ENTERPRISES
CONSOLIDATED AS ASSOCIATES FOR THE YEAR 2019-20**

Name of the Entity	Net Assets i.e. total assets minus total liabilities		Share in Profit / Loss		Share in Other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As % of Consolidated net assets	₹ In Lakhs	As % of Consolidated profit or loss	₹ In Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs	As % of total comprehensive income	₹ in Lakhs
Parent								
Rajapalayam Mills Limited	16.66%	29,803.47	(12.28%)	(1,130.47)	33.12%	(31.04)	(12.75%)	(1,161.51)
Associates (Investments as per the Equity Method)								
Indian								
The Ramco Cements Limited	74.95%	1,34,074.87	103.73%	9,550.57	78.05%	(73.15)	104.00%	9,477.42
Ramco Industries Limited	6.26%	11,195.29	8.28%	762.31	32.69%	(30.64)	8.03%	731.67
Ramco Systems Limited	2.13%	3,806.38	0.26%	24.38	(43.86%)	41.11	0.72%	65.49
As per our report annexed For N.A. Jayaraman & Co. Chartered Accountants Firm Registration No. 0013105 <i>R. Palaniappan</i> R. PALANIAPPAN Partner Membership No. 205112 Chennai 24-06-2020 For SRSV & Associates, Chartered Accountants Firm Registration No. 0150415 <i>P. Santhanam</i> P. SANTHANAM Partner Membership No. 018697 On behalf of the Board of Directors For RAJAPALAYAM MILLS LIMITED <i>Shri P.R. Venketrama Raja</i> SHRI P.R. VENKETRAMA RAJA Chairman <i>Smt. R. Sudarsanam</i> SMT. R. SUDARSANAM Managing Director <i>B. Gnanagurusamy</i> B. GNANAGURUSAMY Chief Financial Officer <i>A. Arulpranavam</i> A. ARULPRANAVAM Secretary								

MATERIAL DEVELOPMENTS

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, non circumstances have arisen since March 31, 2020, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities:

Outbreak of COVID 2019:

The World Health Organization declared the outbreak of COVID-2019 as a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020. The Government of India announced a nation-wide lockdown on March 24, 2020. As a result, the Company's manufacturing operations were temporarily suspended from March 24, 2020 to May 5, 2020 which impacted its business including its revenues and profitability. The Company re-started its production with 50% manpower with the approval of Government authorities from May 6, 2020 and gradually increased its capacity utilization towards the pre Covid levels thereafter.

Approval of Modernization Project and Mercerization Project

The Board of Director of the Company in its meeting dated December 21, 2020, has approved to modernize its existing Open End Spinning Machines by replacing it with automatic Rotor Spinning Machine and setting up of new additional Mercerization machine alongwith incidental and ancillary machines at its existing location at Rajapalayam Mills, Rajapalayam, Virudhunagar district, Tamil Nadu. The Company has estimated a capital outlay of is ₹5,732.44 lakhs for the aforesaid Modernization Project and Mercerization Project. For further details, see chapter titled "*Objects of the Issue*" on page 43.

Expansion of Capacities under Ring Spinning division and Fabric division

The Board of Director of the Company in its meeting dated February 4, 2021, approved the expansion of our Ring Spinning capacity from 1,33,616 spindles to 1,51,760 spindles, an increase of 18,144 spindles in our Ring Spinning division. Further, the Board has also approved expansion of its fabric division capacity from 122 looms to 144 looms, an increase of 22 looms in its fabric division. The Company has estimated a capital outlay of approx. ₹8,069 lakhs for both Ring Spinning and fabric division which is expected to be met out of internal accruals of the Company and bank borrowings.

Declaration and payment of Dividend

The Company has declared and paid a dividend of ₹1 per equity share for the year ended March 31, 2020. The Company has paid a total of ₹73.76 lakhs towards dividend to its shareholders.

Revision in credit rating of the Company

The credit rating for long term debts of the Company has been revised by Crisil Limited from CRISIL A/Stable to CRISIL A/Negative.

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ACCOUNTING RATIOS

The following tables present certain accounting and other ratios derived from the Audited Consolidated Financial Statements and Limited Review Interim Unaudited Consolidated Financial Statements. For details see “*Financial Statements*” on page 74.

Accounting Ratios:

	Based on Unaudited Consolidated Financial Statements*	Based on Unaudited Consolidated Financial Statements*	Based on Audited Consolidated Financial Statements	Based on Audited Consolidated Financial Statements
Particulars	As at and for the nine months ended December 31, 2020 [^]	As at and for the nine months ended December 31, 2019 [^]	As at and for the year ended March 31, 2020	As at and for the year ended March 31, 2019
Basic earnings per share (₹)	93.46	96.75	125.09	141.95
Diluted earnings per share (₹)	93.46	96.75	125.09	141.95
Return on Net Worth (%)	3.70%	4.02%	5.15%	6.14%
Net Asset Value per Equity Share (₹)	2,524.37	2,404.64	2,430.41	2,311.42
EBITDA # (₹ in lakhs)	12,315.41	11,124.21	14,669.34	15,659.66

[^] not annualised

*limited review and unaudited

EBITDA includes share of net profit after tax of associates accounted for using the equity method amounting to ₹10,056.33 lakhs for nine months ended December 31, 2020, ₹7,939.80 lakhs for nine months ended December 31, 2019, ₹10,337.26 lakhs for the Fiscal 2020 and ₹8,890.81 lakhs for the Fiscal 2019, respectively.

The formula used in the computation of the above ratios are as follows:

Basic earnings per share	Net Profit after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable / Weighted Average number of Equity Shares.
Diluted earnings per share	Net Profit after Tax as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (after adjusting non-controlling interest) after exceptional item, as applicable/ Weighted Average number of Equity Shares (including convertible securities).
Return on net worth (in %)	Profit for the Period/Year as per Consolidated Statement of Profit and Loss attributable to Equity Shareholders (prior to other comprehensive income)/ Net worth at the end of the period / year on consolidated basis.
Net asset value per Equity Share	Net Worth on consolidated basis divided by the number of Equity Shares outstanding for the period/year.
EBITDA	Profit for the year before finance costs, tax, depreciation, amortization and exceptional items as presented in the consolidated statement of profit and loss.

Calculation of Return of Net Worth*(In ₹ lakh, unless otherwise specified)*

Particulars	For the nine month period ended December 31, 2020*	For the nine month period ended December 31, 2019*	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit after Tax (before OCI) (A)	6,878.72	7,121.12	9,206.79	10,447.49
Net Worth (B)	1,85,795.71	1,76,983.62	1,78,880.01	1,70,122.64
Return of Net Worth (A/B) (%)	3.70%	4.02%	5.15%	6.14%

*limited review and unaudited

Calculation of Net asset value per Equity Share*(In ₹ lakh, unless otherwise specified)*

Particulars	As at December 31, 2020 [#]	As at December 31, 2019 [#]	As at March 31, 2020	As at March 31, 2019
Net Worth (A) (₹ in lakhs)	1,85,795.71	1,76,983.62	1,78,880.01	1,70,122.64
No. of Shares (B)* (in numbers)	73,60,083	73,60,083	73,60,083	73,60,083
Net Assets Value [(A x 100,000) / B]	2,524.37	2,404.64	2,430.41	2,311.42

[#]limited review and unaudited

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

Calculation of EBITDA*(In ₹ lakh, unless otherwise specified)*

Particulars	For the nine month period ended December 31, 2020*	For the nine month period ended December 31, 2019*	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Profit / (Loss) after Tax	6,878.72	7,121.12	9,206.79	10,447.49
Add: Taxes	(1560.80)	(439.74)	(508.67)	(163.95)
Add: Interest	3,423.34	1,863.74	2,586.57	2,198.07
Add: Depreciation	3,574.15	2,579.09	3,384.65	3,178.05
EBITDA	12,315.41	11,124.21	14,669.34	15,659.66

*limited review and unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited consolidated financial statements as of and for the Fiscal ended March 31, 2020 and March 31, 2019 and our limited review interim consolidated financial statements as of and for the nine months period ended December 31, 2020 and December 31, 2019 included in this Letter of Offer. Our audited consolidated financial statements for Fiscal 2020 & Fiscal 2019 and limited review interim consolidated financial statements as of and for the nine months period ended December 31, 2020 & December 31, 2019, prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the consolidated financial statements of our Company.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled “Risk Factors” and “Forward-Looking Statements” on pages 18 and 15 respectively.

Our financial year ends on March 31 of each year, so all references to a particular “financial year” and “Fiscal” are to the twelve (12) month period ended March 31 of that year. References to the “Company”, “we”, “us” and “our” in this chapter refer to Rajapalayam Mills Limited on a consolidated basis, as applicable in the relevant period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

We are a part of the South India-based Ramco Group, incorporated in 1936 and founded by P. A. C. Ramasamy Raja. Our Company is engaged in the business of manufacturing of cotton yarn ranging from 4s to 355s (single/double yarn) and fabrics. Presently, we have four manufacturing facilities of cotton yarn and one manufacturing facility of fabric. Our spinning units are located at Rajapalayam in Virudhunagar district and Perumalpatti in Thirunelveli district of Tamil Nadu. We have also established a fabric unit based at Rajapalayam in Virudhunagar District of Tamil Nadu in which we began the commercial production in March, 2020. At present, our Company has an installed capacity of 1,33,616 spindles in Ring Spinning and 5,480 rotors in Open End Spinning. Further, our fabric unit has a capacity of 122 looms. Our Company manufactures a wide range of products like Open End yarn, Ring yarn, Compact yarn, TFO yarn, Gassed yarn, Mercerised yarn, Slub yarn, Multi Count yarn, Melange yarn. Dyed High Twist yarn, Core Spun yarn and Elitwist yarn. Our products are tailor-made to cater specific customer needs and we sell our products in domestic as well as international markets.

We are also engaged in generation of electricity from windmills. We have an aggregate installed capacity of 35.15 MW wind power facilities which we use for our captive consumption and this helps us to control our power costs. Our wind mills are located in Dhanakkarkulam, Irukkanthurai, Uthumalai, Aralvoimozhy, Chinnaputhur, Kolumakondan, Melkaraipatti, Muthunayakkanpatti district of Tamil Nadu.

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

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled ‘Risk Factors’ on page 18. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- The impact of COVID-19 pandemic;
- Factors affecting the textile industry;
- Increasing competition in the Industry;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;

- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

SIGNIFICANT ACCOUNTING POLICIES

For details about our key significant accounting policies, see section titled “*Financial Information*” on page 74.

CHANGE IN ACCOUNTING POLICIES

There has been no change in accounting policies during the Fiscal 2020 and for nine months period ended December 31, 2020.

RESERVATIONS, QUALIFICATIONS, MATTER OF EMPHASIS, ADVERSE REMARKS / OTHER OBSERVATIONS IN CARO

The following is the summary of qualifications/ reservation /emphasis of matters/ adverse remarks / other observations in CARO in the Fiscal ended March 31, 2020 and for the nine months period ended December 31, 2020:

Financial Year	Type of Financials	Qualifications / Reservation /Matter of Emphasis/ Adverse Remarks/ Other Observations in CARO	Impact on the Financial Statements of the Company
For the year ended March 31, 2020	Consolidated and Standalone	Matter of Emphasis: We draw attention to Note No. 50 to the standalone financial results / 51 consolidated financial results, which describes the uncertainties and the impact of the COVID - 19 pandemic on the company's operations and results as assessed by the management. The Management has assessed that consequent lockdown announced by Central / State Governments, the demand for Cotton has come down and the Cotton prices have fallen by more than 20%. Due to the reduction in the market price of Cotton, a provision for Mark To Market Loss of ₹218.34 Lakhs in the carrying cost of Cotton inventory has been made in the financial statements. Other than the above there is no material impact on the financial statements due to lockdown and related restrictions imposed towards controlling the COVID - 19 pandemic. Our opinion is not modified in respect of this matter. The auditors of respective companies have reported an Emphasis of matter in this regard in their reports of the respective companies. Our opinion is not modified in respect of this matter.	Nil
March 31, 2020	Standalone	<u>vii: Undisputed and disputed taxes and duties</u> b) As at 31st March, 2020 according to the records of the Company, the following are the particulars of the disputed dues on account of sales tax, income tax, customs duty, wealth tax, service tax and cess, which have not been deposited on account of dispute:	If the decision of the case goes against the company then impact on profit / general reserve of the company is ₹82.49 lakhs.

Financial Year	Type of Financials	Qualifications / Reservation /Matter of Emphasis/ Adverse Remarks/ Other Observations in CARO				Impact on the Financial Statements of the Company
		(₹ in Lakhs)				
		Sl.	Name of the Statute	Forum where dispute is pending	As at 31-03-2020	
		1	Income Tax Act	Commissioner of Income Tax (Appeals)	82.49	

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Revenue

Our revenue comprises of:

Revenue from operations

Revenue from operations is on account of sales of products i.e. cotton yarn and fabrics and scrap sales. It also includes export incentives and job-work charges received.

Finance Income

Finance income comprises interest income on fixed deposits placed with banks & financial institutions and loans and advance given to related parties.

Other Income

Other income primarily comprises recurring income which includes dividend income, and rental income as well as, certain non-recurring income such as government grants, profit on sale of fixed assets, foreign exchange gain and miscellaneous income.

Expenses

Our expenses primarily comprise cost of material consumed, purchase of stock in trade, changes in inventories of finished goods, stock-in-trade and work in progress, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses.

Cost of material consumed

The Cost of material consumed comprises of changes in raw material inventory and purchase of cotton for manufacturing of cotton yarn and fabric.

Purchase of stock-in-trade

The purchase of stock-in-trade comprises of purchase of yarn.

Changes in inventories of finished goods, stock-in-trade and work in progress

Changes in inventories of finished goods, stock-in-trade and work in progress comprises of difference in closing balance vis-a-vis opening balance of finished goods, stock-in-trade and work in progress .

Employee benefit expenses

Employee benefit expense consists of salaries, wages, bonus, contribution to provident fund & other funds, and staff welfare & training expenses.

Other expenses

Other expenses comprises of manufacturing expenses, establishment expenses and selling expenses. Manufacturing expenses primarily consists of power and fuel expense, repairs to building, plant & machinery and windmill, packing material consumption and job work charges. Establishment expense primarily consists of director's remuneration, rates and taxes, insurance expense, travelling expense, vehicle maintenance, mark to market loss on cotton and miscellaneous expenses.

Finance cost

Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans and unsecured loans. Other finance costs consists of exchange difference on foreign currency borrowing regarded as borrowing cost

Depreciation and Amortization Expense

Depreciation and amortization expense comprises of depreciation on building, plant and machinery, electrical machinery, furniture & office equipment, vehicles, investment properties and amortization of intangible assets.

Tax expenses

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Results of our Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

Particulars	(₹ in Lakhs)							
	Nine Months ended December 31, 2020		Nine Months ended December 31, 2019		Fiscal 2020		Fiscal 2019	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenue from Operations	27,477.00	98.98%	26,933.00	98.57%	35,782.22	97.67%	41,261.83	96.31%
Finance Income*	-	-	-	-	290.52	0.79%	320.69	0.75%
Other Income	284.00	1.02%	392.00	1.43%	561.96	1.53%	1,258.25	2.94%
Total Revenue	27,761.00	100.00%	27,325.00	100.00%	36,634.70	100.00%	42,840.77	100.00%
Cost of Material Consumed	12,586.00	45.34%	15,145.00	55.43%	19,589.62	53.47%	22,840.20	53.31%
Purchase of Stock in trade	531.00	1.91%	523.00	1.91%	846.06	2.31%	660.66	1.54%
Changes in Inventories of finished goods, stock-in-trade and work in progress	3,064.00	11.04%	(1,595.00)	(5.84)%	(1,855.28)	(5.06)%	(1,693.47)	(3.95)%
Employee Benefit Expenses	4,154.00	14.96%	4,387.00	16.05%	5,718.51	15.61%	5,886.61	13.74%
Other Expenses	5,167.00	18.61%	5,680.00	20.79%	8,003.71	21.85%	8,377.92	19.56%
Financial Cost	3,423.00	12.33%	1,864.00	6.82%	2,586.57	7.06%	2,198.07	5.13%
Depreciation and Amortization Expenses	3,574.00	12.87%	2,579.00	9.44%	3,384.65	9.24%	3,178.05	7.42%
Total Expenses	32,499.00	117.07%	28,583.00	104.60%	38,273.84	104.47%	41,448.04	96.75%
Profit / (Loss) Before Tax	(4,738.00)	(17.07)%	(1,258.00)	(4.60)%	(1,639.14)	(4.47)%	1,392.73	3.25%
Tax expense:								
- Current Tax	-	-	-	-	-	-	102.47	0.24%
- (Excess)/short provision relating to earlier years	-	-	-	-	-	-	(77.58)	(0.18)%
- Deferred Tax	(1,560.00)	(5.62)%	(439.00)	(1.61)%	(508.67)	(1.39)%	(188.84)	(0.44)%
Net Tax expenses	(1,560.00)	(5.62)%	(439.00)	(1.61)%	(508.67)	(1.39)%	(163.95)	(0.38)%
Profit / (Loss) for the period before share of profit of associates	(3,178.00)	(11.45)%	(819.00)	(3.00)%	(1,130.47)	(3.09)%	1,556.68	3.63%
Share of Net Profit of Associates, net of tax	10,056.00	36.22%	7,940.00	29.06%	10,337.26	28.22%	8,890.81	20.75%
Net Profit after tax	6,878.00	24.78%	7,121.00	26.06%	9,206.79	25.13%	10,447.49	24.39%

* Finance Income for nine months period ended on December 31, 2020 and December 31, 2019 amounting to ₹197.00 Lakhs and ₹215.65 Lakhs respectively are included in other income as per unaudited financial statement.

Nine months period ended December 31, 2020 compared to nine months period ended December 31, 2019

Total Revenue

Our total revenue for the nine months ended December 31, 2020 was ₹27,761.00 Lakhs as compared to ₹27,325.00 Lakhs for the nine months ended December 31, 2019, representing an increase of 1.60%. Total revenue comprises of:

Revenue from Operations

Our revenue from operations for the nine months ended December 31, 2020 was ₹27,477.00 Lakhs as compared to ₹26,933.00 Lakhs for the nine months ended December 31, 2019, representing an increase of 2.02%. The revenue from operations increased due to revenue from our new fabric division which was started in March 2020 compensated the decline in our yarn sale on account of lockdown due to Covid-19 outbreak. Also, liquidation of stock resulted in increased revenue from operations.

Other Income

Other income for the nine months ended December 31, 2020 was ₹284.00 Lakhs as compared to ₹392.00 Lakhs for the nine months ended December 31, 2019, representing a decrease of 27.55%. The decrease in other income was primarily due to decrease in interest income on account of reduction in average interest rate on loan granted and interest element in selling price due to IndAS adjustment. Also during the period of December 31, 2019, our Company has received sales tax refund which was not available during the current nine months period.

Expenses

Our total expenditure for the nine months ended December 31, 2020 was ₹32,499.00 Lakhs as compared to ₹28,583.00 Lakhs for the nine months ended December 31, 2019, representing an increase of 13.70%. Total expenditure comprises of:

Cost of Material Consumed

The cost of material consumed for the nine months ended December 31, 2020 was ₹12,586.00 Lakhs as compared to ₹15,145.00 Lakhs for the for the nine months ended December 31, 2019, representing a decrease of 16.90%. The decrease was due to decrease in cotton consumption on account of lockdown due to Covid-19 outbreak. . Further, reduction in cotton prices also resulted in reduction in cost of material consumed.

Purchase of stock in trade

The purchase of stock in trade for the nine months ended December 31, 2020 was ₹ 531.00 Lakhs as compared to ₹523.00 Lakhs for the nine months ended December 31, 2019, representing an increase of 1.53%. The increase was due to purchase of more volume of trade yarn.

Changes in inventories of finished goods, stock-in-trade and work in progress

The changes inventories of finished goods, stock-in-trade and work in progress for the nine months ended December 31, 2020 was ₹3,064.00 Lakhs as compared to (₹1,595.00) Lakhs for the nine months ended December 31, 2019. The change was due liquidation of existing stock.

Employee benefit expenses

Employee benefit expense for the nine months ended December 31, 2020 was ₹4,154.00 Lakhs as compared to ₹4,387.00 Lakhs for the nine months ended December 31, 2019, representing a decrease of 5.31%. The decrease was due to reduction of staff salary cost on account of cost reduction measures taken to manage adverse effect of Covid-19 situation.

Other expenses

Other expenses for the nine months ended December 31, 2020 was ₹5,167.00 Lakhs as compared to ₹5,680.00 Lakhs for the nine months ended December 31, 2019, representing a decrease of 9.03%. The decrease was due to reduction in power expenses, repairs and other expenses on account of lockdown due to Covid-19 outbreak.

Finance cost

Finance cost for the nine months ended December 31, 2020 was ₹3,423.00 Lakhs as compared to ₹1,864.00 Lakhs for the nine months ended December 31, 2019, representing an increase of 83.64%. The increase in finance cost was due to increased borrowing to finance the capital expenditure of our new Fabric unit amounting to ~₹27,600.00 Lakhs

Depreciation and amortization expenses

Depreciation and amortization expense for the nine months ended December 31, 2020 was ₹3,574.00 Lakhs as compared to ₹2,579.00 Lakhs for the nine months ended December 31, 2019, representing an increase of 38.58%. The increase was due to commencement of our new Fabric unit during March 2020 resulting in substantial increase in property, plant and equipment and thereby additional depreciation. .

Profit/(loss) before Tax

The profit/(loss) before tax for the nine months ended December 31, 2020 was (₹4,738.00) Lakhs as compared to (₹1,258.00) Lakhs for the nine months ended December 31, 2019. This increase in losses was due to reduction in selling price, increase in finance cost and depreciation.

Tax expenses

Total tax expense for the nine months ended December 31, 2020 was (₹1,560.00) Lakhs as compared to (₹439.00) Lakhs for the nine months ended December 31, 2019. This change in taxes was due to increase in deferred tax assets on account of increased losses.

Profit/(Loss) for the period before share of profit of associates

Profit/(Loss) for the period before share associates for the nine months ended December 31, 2020 was (₹3,178.00) Lakhs as compared to (₹819.00) Lakhs for the nine months ended December 31, 2019. This increase in losses was due to reasons explained above.

Share of Net Profit of Associates, net of tax

Share of Net Profit of Associates, net of tax for the nine months ended December 31, 2020 was ₹10,056.00 Lakhs as compared to ₹7,940.00 Lakhs for the nine months ended December 31, 2019, representing an increase of 26.65%. This increase was due to better performance of associates.

Profit after tax

The profit after tax for the nine months ended December 31, 2020 was ₹6,878.00 Lakhs as compared to ₹7,121.00 Lakhs for the nine months ended December 31, 2019, representing a decrease of 3.41%. This decrease was due to increased losses as explained above.

Fiscal 2020 compared to Fiscal 2019

Total Revenue

Our total revenue for the Fiscal 2020 was ₹36,634.70 Lakhs as compared to ₹42,840.77 Lakhs for the Fiscal 2019, representing a decrease of 14.49%. Total revenue comprises of:

Revenue from Operations

Our revenue from operations for the Fiscal 2020 was ₹35,782.22 Lakhs as compared to ₹41,261.83 Lakhs for the Fiscal 2019, representing a decrease of 13.28%. This decrease was primarily due to decrease in sale of yarn, discontinuation of our operation and shifting of machineries of Andhra Pradesh unit resulting in lower utilization of production capacity and accumulation of stock due to lock down on account of Covid-19 during the last week of March, 2020.

Finance income

Finance income for the Fiscal 2020 was ₹290.52 Lakhs as compared to ₹320.69 Lakhs for the Fiscal 2019, representing a decrease of 9.41%. The decrease in finance income was primarily due to receipt of interest under the Income Tax during the Fiscal 2019 which was not available during the Fiscal 2020.

Other income

Other income for the Fiscal 2020 was ₹561.96 Lakhs as compared to ₹1,258.25 Lakhs for the Fiscal 2019, representing a decrease of 55.34%. The decrease in other income was primarily due to receipt of dividend income amounting to ₹1059.06 Lakhs during the Fiscal 2019. These dividend income included arrears of dividend on preference shares related to previous Fiscals resulting in one time recognition of entire amount.

Expenses

Our total expenditure for the Fiscal 2020 was ₹38,273.84 Lakhs as compared to ₹41,448.04 Lakhs for the Fiscal 2019, representing a decrease of 7.66%. Total expenditure comprises of:

Cost of Material Consumed

The Cost of Material Consumed for the Fiscal 2020 was ₹19,589.62 Lakhs as compared to ₹22,840.20 Lakhs for the Fiscal 2019, representing a decrease of 14.23%. This decrease was due to lower utilization of production capacity due to shifting of machineries from Andhra Pradesh unit and modernization of spinning unit resulting in reduced production and thereby resulted in reduction of cost of material consumed.

Purchase of stock in trade

The purchase of stock in trade for the Fiscal 2020 was ₹846.06 Lakhs as compared to ₹660.66 Lakhs for the Fiscal 2019, representing an increase of 28.06%. This increase was due to requirement of buyers in corporate segment.

Changes in Inventories of finished goods, stock-in-trade and work in progress

The changes inventories of finished goods, stock-in-trade and work in progress for the Fiscal 2020 were (₹1,855.28) Lakhs as compared to (₹1,693.47) Lakhs for the Fiscal 2019, primarily due to accumulation of stock due to poor market condition and lock down during the last week of March, 2020 on account of Covid-19 outbreak.

Employee benefit expenses

Employee benefit expense for the Fiscal 2020 was ₹5,718.51 Lakhs as compared to ₹5,886.61 Lakhs for the Fiscal 2019, representing a decrease of 2.86%. This was due to discontinuation of production of our Andhra Pradesh unit from June, 2019 and reduction of bonus to employees during the Fiscals 2020 as compared to Fiscal 2019.

Other expenses

Other expenses for the Fiscal 2020 were ₹8,003.71 Lakhs as compared to ₹8,377.92 Lakhs for the Fiscal 2019, representing a decrease of 4.47%. The decrease was mainly due to decrease in power and fuel expense and sales commission. Also, due to discontinuation of Andhra Pradesh unit there was decrease in employee benefit cost, repair and maintenance cost and other expenses. However, provision of mark to market loss on cotton during the Fiscal 2020 and increased insurance premium expenses during the Fiscal 2020 partly compensated the decrease in other expense.

Finance cost

Finance cost for the Fiscal 2020 was ₹2,586.57 Lakhs as compared to ₹2,198.07 Lakhs for the Fiscal 2019, representing an increase of 17.67%. The increase in finance cost is due to increase in working capital loan and term loan for investment in modernization of spinning unit.

Depreciation and Amortization Expenses

Depreciation and amortization expense for the Fiscal 2020 was ₹3,384.65 Lakhs as compared to ₹3,178.05 Lakhs for the Fiscal 2019, representing an increase of 6.50%. The increase is due to capital expenditure in modernization of spinning unit.

Profit/(Loss) before Tax

The profit/(loss) before tax for the Fiscal 2020 of (₹1,639.14) Lakhs as compared to ₹1,392.73 Lakhs for the Fiscal 2019. The decrease was primarily on account of decrease in Revenue of the Company because of sluggish market conditions and increase in finance cost, depreciation and amortization expense.

Tax Expenses

Total tax expense for the Fiscal 2020 was (₹508.67) Lakhs as compared to (₹163.95) Lakhs for the Fiscal 2019. The decrease was due to increase in deferred tax asset and decrease in current tax of the company due to increased losses.

Profit/(Loss) for the period before share of profit of associates

As a result of the aforesaid, our Company incurred a loss for Fiscal 2020 of (₹1,130.47) Lakhs as compared to profit of ₹1,556.68 Lakhs for the Fiscal 2019.

Share of Net Profit of Associates, net of tax

Share of Net Profit of Associates, net of tax for the Fiscal 2020 was ₹10,337.26 Lakhs as compared to ₹8,890.81 Lakhs for the Fiscal 2019, representing an increase of 16.27%. This increase was due to better performance of associates.

Profit/(Loss) after tax

The profit after tax for the Fiscal 2020 was ₹9,206.79 Lakhs as compared to ₹10,447.49 Lakhs for the Fiscal 2019, representing a decrease of 11.88%. The decrease was due to reasons explained above.

Related Party Transactions

For details, please see the chapter titled “*Financial Statements*” beginning on page 74.

Significant developments after March 31, 2020 that may affect our future results of operations

Other than as disclosed in this Letter of Offer, there have been no significant developments after March 31, 2020 that may affect our future results of operations. For further information, please see the chapter titled “*Material Developments*” on page 75.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as disclosed below, there is no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position; and (v) other litigation, including civil or tax litigation proceedings, which involves an amount in excess of the Materiality Threshold (as defined below) considered material in terms of (a) the “Policy for Determination of Materiality of Events and Information” adopted by our Board, in accordance with the requirements under Regulation 30 of the SEBI Listing Regulations, and (b) the materiality policy adopted by the Rights Issue Committee through its resolution dated February 15, 2021, for the purpose of litigation disclosures in this Letter of Offer (“**Materiality Policy**”).

In this regard, please note the following:

1. Any outstanding litigation involving our Company i.e., proceedings other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences, shall be considered material and shall be disclosed in this Letter of Offer, if (i) the monetary claim involved in such proceedings is an amount equal to or exceeding 2% of the revenue from operations of the Company as per the standalone audited financial statements of the Company for the immediately preceding financial year (being ₹716.00 lakhs i.e 2% of the ₹35,782 lakhs as on March 31, 2020) (“**Materiality Threshold**”), and / or (ii) is otherwise determined to be material in terms of the Materiality Policy.
2. Pre-litigation notices received by our Company from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, and material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company is impleaded as defendants in litigation proceedings before any judicial forum.

All terms defined herein in a particular litigation disclosure pertain to that litigation only.

Litigations involving our Company

Proceedings involving issues of moral turpitude or criminal liability on the part of our Company

Nil

Proceedings involving material violations of statutory regulations by our Company

Nil

Economic offences where proceedings have been initiated against our Company

Nil

Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company

Tax Proceedings

There are no tax proceedings involving our Company which exceed the Materiality Threshold.

Civil Proceedings

There are no civil proceedings involving our Company which exceed the Materiality Threshold.

GOVERNMENT AND OTHER APPROVALS

Our Company requires various licenses, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations (“**Approvals**”) for carrying on its present business activities. These include consents to establish and operate, contract labour license for employment of contract labour at various project sites, environmental clearances, factory licenses and other applicable approvals. The requirement for such approvals for a particular project may vary based on factors such as activity being carried out at the project, legal requirement in the state in which the project is situated and stage of development of the project. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Our Company have obtained necessary consents, material licenses, permissions and approvals from the governmental and regulatory authorities that are required for the Objects of this Issue.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board passed at its meeting held December 21, 2020, pursuant to Section 62 (1) (a) and other applicable provisions of the Companies Act, 2013.

The Rights Issue Committee has, at its meeting held on February 27, 2021 determined the Issue Price of ₹569 per Rights Equity Share (including a premium of ₹559 per Rights Equity Share), in consultation with the Lead Manager, and the Rights Entitlement as 1 (One) Rights Equity Share for every 6 (Six) fully paid up Equity Shares held on the Record Date.

Our Company has received 'in-principle' approval from BSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to its letter dated February 24, 2021. Our Company will also make application to BSE to obtain trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Prohibition by the SEBI

Our Company, our Promoters, our Promoter Group or our Directors have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

The companies with which our Promoters or our Directors are associated as promoter or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI.

Neither our Promoters nor our Directors have been declared as Fugitive Economic Offenders.

Association of our Directors with the securities market

None of our Directors are associated with the securities market.

Prohibition by RBI

Neither our Company nor Promoters or our Directors have been or are identified as Wilful Defaulters.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Indian Companies Act, 1913. Our Equity Shares are presently listed on BSE. Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Our Company has made application to BSE and has received its in-principle approval for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE Limited is the Designated Stock Exchange for the purpose of the Issue.

Compliance with Regulations 99 of the SEBI ICDR Regulations

Our Company satisfies conditions stipulated below in terms of Regulation 99 of the SEBI ICDR Regulations read with the SEBI circular bearing reference no. SEBI/HO/CFD/CIR/CFD/DIL/ 67/2020 dated April 21, 2020, our Company is eligible to make this Issue by way of a 'fast track issue':

- (i) The Equity Shares of our Company have been listed on BSE Limited, a recognised Stock Exchange having nationwide trading terminals, for a period of at least eighteen months immediately preceding the date of filing of the Letter of Offer with the Designated Stock Exchange.

- (ii) The entire shareholding of Promoter Group of the Company is held in dematerialised form as on the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (iii) The average market capitalisation of the public shareholding of the Company is at least ₹100 crores.
- (iv) The annualised trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of the Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six months' period.
- (v) The annualised delivery based trading turnover of the Equity Shares during six calendar months immediately preceding the month of filing of the Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualised trading turnover of Equity Shares listed during such six months' period.
- (vi) Our Company has been in compliance with the Listing Agreement, the provisions of SEBI Listing Regulations, as applicable, including with respect to the composition of the Board, for a period of at least eighteen months immediately preceding the date of the Letter of Offer with the Designated Stock Exchange.
- (vii) Our Company has redressed at least 95% of the complaints received from the investors till the end of the quarter immediately preceding the month of the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (viii) No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company or its Promoters or whole-time directors, as on the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (ix) Neither the Company nor our Promoters nor members of the Promoter Group nor any of our Directors have settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during three years immediately date of filing of the Letter of Offer with the Designated Stock Exchange.
- (x) The Equity Shares have not been suspended from trading as a disciplinary measure during the last eighteen months immediately preceding the date of filing of the Letter of Offer with the Designated Stock Exchange.
- (xi) There is no conflict of interest between the Lead Manager and our Company or its group companies in accordance with applicable regulations.
- (xii) Our Promoters and Promoter Group *vide* their letter dated February 5, 2021 ("**Subscription Letter**"), have indicated that they, jointly and/or severally, intend to subscribe in the Issue, to the full extent of their Rights Entitlements and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group). Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars and subscribe to unsubscribed portion of the Issue, if any.
- (xiii) There are no audit qualifications on the audited accounts of the Company in respect of those financial years for which such accounts are disclosed in this Letter of Offer.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with Designated Stock Exchange;

2. The reports, statements and information referred to above are available on the website of BSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 27, 2021, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THE LETTER OF OFFER OF THE SUBJECT ISSUE;**
2. **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - a. **THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
 - b. **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. **THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE, SUCH REGISTRATION IS VALID-COMPLIED WITH**
4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE**
5. **WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE**
6. **ALL APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE**
7. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE ISSUE - NOT APPLICABLE**
8. **NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE**
9. **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE**
10. **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**
 - a. **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES - COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND**
 - b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI – COMPLIED WITH**

11. WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 - NOTED FOR COMPLIANCE
12. IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS, 2018- NOT APPLICABLE
13. NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY-COMPLIED WITH
14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 READ WITH SEBI CIRCULAR (SEBI/HO/CFD/CIR/CFD/DIL/67/2020) DATED APRIL 21, 2020. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER- COMPLIED WITH
15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018- COMPLIED WITH
16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE SPECIFIED SECURITIES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN - COMPLIED WITH AND NOTED FOR COMPLIANCE
17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF THE COMPANY - COMPLIED WITH

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Cautions

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be

available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Tamil Nadu, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

“BSE Limited (“the Exchange”) has given, vide its letter dated February 24, 2021 permission to this Company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Selling Restrictions

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

Our Company shall also endeavour to dispatch physical copies of the Issue Materials to Eligible Equity Shareholders who have provided an Indian address to our Company. Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials.

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

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

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

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

NO OFFER IN THE UNITED STATES

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

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

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on

behalf of our Company has reason to believe, is in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

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

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

Filing

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

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. All investor grievances received by us have been handled by the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investor Grievances arising out of this Issue:

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue i.e. Cameo Corporate Services Limited. The agreement between the Company and the Registrar provides for a period for which records shall be retained by the Registrar in order to enable the Registrar to redress grievances of Investors.

Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process or R-WAP 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 ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of R-WAP 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 ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process), and copy of the e-acknowledgement (in case of R-WAP process). For details on the ASBA process and R-WAP process, please see “Terms of the Issue” on page 98.

Investors may contact the Registrar to the Issue at:

Cameo Corporate Services Limited

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

Telephone: + 91-44-28460390;

Email: priya@cameoindia.com

Website: www.cameoindia.com

Investor Grievance Email: investor@cameoindia.com

Contact Person: Ms. K. Sreepriya

SEBI Registration Number: INR000003753

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

A. Arulpranavam is the Company Secretary and the Compliance Officer of our Company. His contact details are as follows:

A. Arulpranavam

Rajapalayam Mills Premises,

Post Box No. 1,

P.A.C. Ramaswamy Road, Rajapalayam – 626117,

Tamil Nadu, India

Telephone: +91 4563-235666

E-mail: investorgrievance@ramcotex.com

SECTION VII – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.

Investors are requested to note that application in this Issue can only be made through ASBA or by R-WAP facility. Further, this R-WAP facility in addition to ASBA is onetime relaxation made available by SEBI in view of the COVID-19 and shall not be a replacement of the existing process under the SEBI ICDR regulations. For guidance on the application process through R-WAP and resolution of difficulties faced by investors, you are advised to read the frequently asked question (FAQ) on the website of the registrar at <https://rights.cameoindia.com/Rajapalayam>.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreement entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice.

Important:

1. Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send / dispatch, at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- (i) our Company at www.rajapalayammills.co.in;
- (ii) the Registrar at <https://rights.cameoindia.com/Rajapalayam>;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net
- (iv) the Stock Exchange at www.bseindia.com; and

- (v) the Registrar's web-based application platform at <https://rights.cameoindia.com/Rajapalayam> ("R-WAP").

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.rajapalayammills.co.in).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation Our Company, the Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue Material, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

2. Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and subject to the conditions prescribed under the SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 and SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011 (together "ASBA Circulars"), all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP. For details, see "Procedure for Application through the ASBA Process" and "Procedure for Application through the R-WAP" on page 109 and 109.

- a. **ASBA facility:** Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors should note that the ASBA process involves procedures that are different from the procedure under the R-WAP process. Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see "Procedure for Application through the ASBA Process" on page 109.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 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.

- b. **Registrar's Web-based Application Platform (R-WAP):** In accordance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, a separate web based application platform, i.e., the R-WAP facility (accessible at <https://rights.cameoindia.com/Rajapalayam>), has been instituted for making an Application in this Issue by resident Investors. **Further, R-WAP is only an additional option and not a replacement of the ASBA process.** At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using the R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds.

PLEASE NOTE THAT ONLY RESIDENT INVESTORS CAN SUBMIT AN APPLICATION USING THE R-WAP. R-WAP FACILITY WILL BE OPERATIONAL FROM THE ISSUE OPENING DATE. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE “RISK FACTOR - THE R-WAP PAYMENT MECHANISM FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS.” ON PAGE 32.

For guidance on the Application process through R-WAP and resolution of difficulties faced by the Investors, the Investors are advised to carefully read the frequently asked questions or call helpline number (+91 73388 08559 and +91 44 - 40020710). For details, see “*Procedure for Application through the R-WAP*” on page 109.

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) and R-WAP. Please note that incorrect depository account details or PAN or Application Forms without depository account details (except in case of Eligible Equity Shareholders who hold Equity Shares in physical form and are applying in this Issue in accordance with the SEBI Rights Issue Circulars through R-WAP) shall be treated as incomplete and shall be rejected. For details see “*Grounds for Technical Rejection*” 120. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. **Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements.** For details, see “*Application on Plain Paper under ASBA process*”.

3. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

Eligible Equity Shareholders, whose Rights Entitlements are credited in demat suspense escrow account opened by our Company, are requested to provide relevant details (such as copies of self-attested PAN 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, i.e., by Thursday, March 25, 2021 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 is active, details of which have been provided to the Company or the Registrar, to facilitate the aforementioned transfer.

Other important links and helpline:

The Investors can visit following links for the below-mentioned purposes:

- Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: <https://rights.cameoindia.com/Rajapalayam>
- Updation of Indian address/ e-mail address/ mobile number in the records maintained by our Company: <https://rights.cameoindia.com/Rajapalayam>
- Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: <https://rights.cameoindia.com/Rajapalayam>
- Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: priya@cameoindia.com

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Basis for 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 dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements (ISIN: INE296E20018)

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

The Registrar will send/dispatch a Rights Entitlement Letter along with the Abridged Letter of Offer and the Application Form to all Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions, which will contain details of their Rights Entitlements based on their shareholding as on the Record Date.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.rajapalayammills.co.in).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company, 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, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material ("Issue Materials") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by

them. For further details, see “*Notice to Investors*” on page 11.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹10.

Issue Price

The Rights Equity Share is being offered at a price of ₹569 per Rights Equity Share (including a premium of ₹559 per Rights Equity Share) in this Issue.

The Issue Price for Rights Equity Shares has been arrived at by our Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

Rights Entitlements Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 6 (Six) fully paid up Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchange or through an off-market transfer. For details, see “- *Procedure for Renunciation of Rights Entitlements*” on page 111.

In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to Issue Closing Date, will not be able to renounce their Right Entitlements.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialised form. A separate ISIN for the Rights Entitlements has also been generated which is INE296E20018. The said ISIN shall remain

frozen (for debit) until the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by Thursday, March 25, 2021 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.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, PER SE, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE “PROCEDURE FOR APPLICATION” ON PAGE 107.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the Stock Exchange under ISIN INE296E20018. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. Investors shall be able to trade/transfer their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchange on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialised form only. The market lot for trading of Rights Entitlements is one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Monday, March 15, 2021 to Wednesday, March 24, 2021 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date. For details, see “*Procedure for Renunciation of Rights Entitlements - On Market Renunciation*” and “*Procedure for Renunciation of Rights Entitlements - Off Market Renunciation*” on pages 112 and 112, respectively. Once the Rights Entitlements are credited to the demat account of the Renouncees, application in the Issue could be made until the Issue Closing Date. For details, see “*Procedure for Application*” on page 107.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

Payment Schedule of Rights Equity Shares

The Issue Price of ₹569 per Rights Equity Share (including premium of ₹559 per Rights Equity Share) shall be payable in entirety at the time of making the Application

Where an Applicant has applied for additional Rights Equity Shares and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/ blocked shall be refunded/ unblocked. The 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.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 1 (One) Rights Equity Share for every 6 (Six) fully paid up Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 6 (Six) fully paid up Equity Shares or is not in the multiple of 6 (Six) fully paid up Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 10 (Ten) Equity Shares, such Equity Shareholder will be entitled to 1 (One) Rights Equity Share and will also be given a preferential consideration for the Allotment of 1 (One) additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 6 (Six) fully paid up Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreement entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares Allotted under this Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approval, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number DCS/RIGHTS/SD/IP-RT/1042/2020-21 dated February 24, 2021. Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532503) under the ISIN: INE296E01026. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approval, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the ISIN for the Equity Shares and

thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight 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 eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters and our Promoter Group

For details of the intent and extent of subscription by our Promoters and the Promoter Group, see “*Capital Structure – Intention and extent of participation by our Promoters and Promoter Group*” on page 41.

Rights of Holders of Rights Equity Shares of our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights on the Rights Equity Shares:

- a) The right to receive dividend, if declared;
- b) The right to vote in person or by proxy;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights on such Rights Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the

Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, our Company will send / dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material (“**Issue Materials**”) only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Tamil language daily newspaper (Tamil being the regional language of Rajapalayam, where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at priya@cameoindia.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent / dispatched to the Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided

an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchange. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please note that only resident Investors can submit an Application using the R-WAP.

Please also note that pursuant to 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 Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by our Company by submitting their respective copies of self-attested proof of address, passport, etc. at priya@cameoindia.com.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using R-WAP.

For details of procedure for application by the Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 116.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent/dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent/dispatched at least three days before the Issue Opening Date. The Renouncees and Eligible Equity Shareholders who have not received the Application Form can download the same from the website of the Registrar, our Company, the Lead Manager or the Stock Exchange.

In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and other applicable Issue materials shall be sent/dispatched if they have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlements or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Our Company shall also endeavour to dispatch physical copies of the Issue Material to Eligible Equity Shareholders who have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for 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 email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).

To update the respective email addresses/ mobile numbers in the records maintained by our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/Rajapalayam>. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholders eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of:

- (i) our Company at www.rajapalayammills.co.in;
- (ii) the Registrar at <https://rights.cameoindia.com/Rajapalayam>;
- (iii) the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net
- (iv) the Stock Exchange at www.bseindia.com; and
- (v) the R-WAP at <https://rights.cameoindia.com/Rajapalayam>.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam>) by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.rajapalayammills.co.in).

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares (i) 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, or (ii) filling the online Application Form available on R-WAP and make online payment using the internet banking or UPI facility from their own bank account thereat. **Please note that Applications made with payment using third party bank accounts are liable to be rejected.**

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB or (ii) the requisite internet banking or UPI details (in case of Application through R-WAP, which is available only for resident Investors).

Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB and R-WAP). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “Grounds for Technical Rejection” on page 120. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer

to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” on page 112.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

PROCEDURE FOR APPLICATION THROUGH THE ASBA PROCESS

An investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No.CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

The Company, its directors, employees, affiliates, associates and their respective directors and officers, the Lead Manager and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

PROCEDURE FOR APPLICATION THROUGH THE R-WAP

Resident Investors, making an Application through R-WAP, shall make online payment using internet banking or UPI facility. Prior to making an Application, such Investors should enable the internet banking or UPI facility of their respective bank accounts and such Investors should ensure that the respective bank accounts have sufficient funds. Our Company, the Registrar and the Lead Manager shall not be responsible

if the Application is not successfully submitted or rejected during Basis of Allotment on account of failure to be in compliance with the same. R-WAP facility will be operational from the Issue Opening Date. For risks associated with the R-WAP process, see “Risk Factors - The R-WAP payment mechanism facility proposed to be used for this issue may be exposed to risks, including risks associated with payment gateways” on 32.

Set out below is the procedure followed using the R-WAP:

Prior to making an Application using the R-WAP facility, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the relevant bank account is less than the total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash payment mechanism in accordance with the SEBI Rights Issue Circulars.

- (a) Resident Investors should visit R-WAP (accessible at <https://rights.cameoindia.com/Rajapalayam>) and fill the online Application Form available on R-WAP in electronic mode. Please ensure to provide correct DP ID, Client ID, Folio number (only for resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date), PAN details and all other details sought for while submitting the online Application Form.
- (b) Non-resident Investors are not eligible to apply in this Issue through R-WAP.
- (c) Only resident Investors are eligible to apply in this Issue through R-WAP.
- (d) The Investors should ensure that Application process is verified through the email / mobile number. Post due verification, the Investors can obtain details of their respective Rights Entitlements and apply in this Issue by filling-up the online Application Form which, among others, will require details of total number of Rights Equity Shares to be applied for. Please note that the Application Money will be determined based on number of Rights Equity Shares applied for.
- (e) The Investors who are Renouncees should select the category of ‘Renouncee’ at the application page of R-WAP and provide DP ID, Client ID, PAN and other required demographic details for validation. The Renouncees shall also be required to provide the required Application details, such as total number of Rights Equity Shares to be applied for.
- (f) Investors applying in the Issue through UPI facility should accept the debit/ payment request in the relevant mobile application for which the UPI ID details were provided.
- (g) Prior to making an Application, the Investors should enable the internet banking or UPI facility of their respective bank accounts and the Investors should ensure that the respective bank accounts have sufficient funds. If the funds available in the bank account are less than total amount payable on submission of online Application Form, such Application shall be rejected. Please note that R-WAP is a non-cash mode mechanism in accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021.
- (h) The Investors shall make online payment using internet banking or UPI facility from their own bank account only. Such Application Money will be adjusted for either Allotment or refund. **Applications made using payment from third party bank accounts will be rejected.**
- (i) Verification in respect of Application through Investors’ own bank account, shall be done through the latest beneficial position data of our Company containing Investor’s bank account details, beneficiary account details provided to the depository, penny drop, cancelled cheque for joint holder verification and such other industry accepted and tested methods for online payment.

The Application Money collected through Applications made on the R-WAP will be credited to the Escrow Account, opened by our Company with the Escrow Collection Bank.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares by (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) filing online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

Please note that on the Issue Closing Date, (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 Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB or using R-WAP are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the heading “*Application on Plain Paper under ASBA process*” on page 112.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the heading “*Basis of Allotment*” on page 123.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialised Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, Such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process or using R-WAP.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange; or (b) through an off-market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

PLEASE NOTE THAT THE RIGHTS ENTITLEMENTS WHICH ARE NEITHER RENOUNCED NOR

SUBSCRIBED BY THE INVESTORS ON OR BEFORE THE ISSUE CLOSING DATE SHALL LAPSE AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE.

THE LEAD MANAGER , THE REGISTRAR AND OUR COMPANY ACCEPT NO RESPONSIBILITY TO BEAR OR PAY ANY COST, APPLICABLE TAXES, CHARGES AND EXPENSES (INCLUDING BROKERAGE), AND SUCH COSTS WILL BE INCURRED SOLELY BY THE INVESTORS.

1. On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE296E20018 subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialised form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Monday, March 15, 2021 to Wednesday, March 24, 2021 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE296E20018 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+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 stockbroker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

2. Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in 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 Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE296E20018, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA process

An Eligible Equity Shareholder 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 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. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. **Applications on plain paper will not be accepted from any address outside India.**

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements.

PLEASE NOTE THE APPLICATION ON PLAIN PAPER CANNOT BE SUBMITTED THROUGH R-WAP.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Rajapalayam Mills Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total Application Money paid at the rate of ₹569 per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. 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;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

*“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “**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 (the “**United States**”), except pursuant to an exemption from, or in a*

transaction not subject to, the registration requirements of the Securities Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in 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, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.cameoindia.com/Rajapalayam>.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of payment

All payments against the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking or UPI facility if applying through R-WAP.

In case of Application through ASBA facility, the Investor agrees to block the Application Money with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the Application Money, in the Investor's ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, 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 which shall be a separate bank account maintained by our Company, other than the bank account referred to in

sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their Application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking or UPI facility if applying through R-WAP. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company and the Lead Manager.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their addresses if they have provided their Indian address to our Company and if they are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. This Letter of Offer will be provided by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act.
2. In case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for

Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

For details of mode of payment in case of Application through R-WAP, see “*Procedure for Application through the R-WAP*” on page 109.

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 Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company, shall be credited in a demat suspense escrow account opened by our Company.

To update respective email addresses/ mobile numbers in the records maintained by our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/Rajapalayam>.

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery or upload in the R-WAP portal so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The Eligible Equity Shareholders can access the Application Form from:
 - R-WAP of the website of the Registrar at <https://rights.cameoindia.com/Rajapalayam>
 - our Company at www.rajapalayammills.co.in;
 - the Registrar at <https://rights.cameoindia.com/Rajapalayam>;
 - the Lead Manager, i.e., Vivro Financial Services Private Limited at www.vivro.net
 - the Stock Exchange at www.bseindia.com;

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/Rajapalayam>) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.rajapalayammills.co.in);

- (d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, (i) submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if

made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, or (ii) fill the online Application Form available on R-WAP and make online payment using their internet banking or UPI facility from their own bank account thereat.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Allotment of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE.

FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 124.

General instructions for Investors

- (a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you.
- (c) The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
- (d) Application should be made only through the ASBA facility or using R-WAP.
- (e) Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (f) 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 112.
- (g) In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the optional mechanism instituted only for resident Investors in this Issue, i.e. R-WAP. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
- (h) 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.
- (i) In case of Application through R-WAP, the Investors should enable the internet banking or UPI facility of their respective bank accounts.
- (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, or (ii) filled on the R-WAP. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange, and (ii) the R-WAP facility will be available until 5.00 pm (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

- (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 or the Lead Manager.
- (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. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.**
- (n) In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Furthermore, in case of Applications submitted using the R-WAP facility, payments shall be made using internet banking or UPI facility. 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) 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.
- (s) 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.
- (t) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (u) An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

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, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

- (a) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- (b) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (c) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (d) Do not pay the Application Money in cash, by money order, pay order or postal order.
- (e) Do not submit multiple Applications.

Do's for Investors applying through ASBA:

- (a) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only.
- (b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (c) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (d) Ensure that you have 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 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.

Do's for Investors applying through R-WAP:

- (a) Ensure that the details of the correct bank account have been provided while making payment along with submission of the Application.
- (b) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in the bank account through which payment is made using the R-WAP.
- (c) Ensure that you make the payment towards your application through your bank account only and not use any third party bank account for making the payment
- (d) Ensure that you receive a confirmation email on successful transfer of funds.
- (e) Ensure you have filled in correct details of PAN, folio number, DP ID and Client ID, as applicable, and all such other details as may be required.
- (f) Ensure that you receive an acknowledgement from the R-WAP for your submission of the Application.

Don'ts for Investors applying through ASBA:

- (a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
- (b) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), and a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Don'ts for Investors applying through R-WAP:

- (a) Do not apply from bank account of third parties.
- (b) Do not apply if you are a non-resident Investor.
- (c) Do not apply from non-resident account.
- (d) Do not apply from corporate account.

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) Sending an Application to the Lead Manager, 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.
- (c) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (d) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- (e) Account holder not signing the Application or declaration mentioned therein.
- (f) Submission of more than one application Form for Rights Entitlements available in a particular demat

account.

- (g) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (h) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (i) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (j) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (k) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
- (l) Physical Application Forms not duly signed by the sole or joint Investors.
- (m) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts.
- (n) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (o) Applications which: (i) 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.
- (p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

Applications under the R-WAP process are liable to be rejected on the following grounds (in addition to above applicable grounds including in relation to insufficient funds available in the opted bank account):

- (a) Applications by non-resident Investors.
- (b) Payment from third party bank accounts.
- (c) Application by shareholders holding in physical form without providing demat account details.

Our Company may, in consultation with the Lead Manager and Designated Stock Exchange, decide to relax any of the grounds of technical rejection mentioned hereinabove

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS OR THROUGH THE R-WAP PROCESS (AVAILABLE ONLY FOR RESIDENT INVESTORS), TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN

THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar or the Company. 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 intimation of unblocking of ASBA Account or refund (if any) would be sent/dispatched to the address of the Investor as per the email address provided to our Company or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*Procedure for Applications by Mutual Funds*" on page 128.

In cases where multiple Application Forms 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 our Promoters or members of Promoter Group for subscribing any unsubscribed portion of this Issue as described in "*Capital Structure –Intention and extent of participation by our Promoters and Promoter Group*" on page 41.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is Tuesday, March 30, 2021, 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 Exchange and the Application Money is not blocked with the SCSB or if the Application Form is not accepted at the R-WAP, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the heading, "*Basis of Allotment*" on page 123.

Please note that on the Issue Closing Date, (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 Exchange, and (ii) the R-WAP facility will be available until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted or sending the email withdrawal request to priya@cameoindia.com in case Application through R-WAP facility. However, no Investor, whether applying through ASBA facility or R-WAP facility, may withdraw their Application post the Issue Closing Date.

Issue Schedule

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	Friday, March 12, 2021
ISSUE OPENING DATE	Monday, March 15, 2021
LAST DATE FOR ON MARKET RENUNCIATION*	Wednesday, March 24, 2021
ISSUE CLOSING DATE [#]	Tuesday, March 30, 2021
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Thursday, April 8, 2021
DATE OF ALLOTMENT (ON OR ABOUT)	Thursday, April 8, 2021
DATE OF CREDIT (ON OR ABOUT)	Friday, April 9, 2021
DATE OF LISTING (ON OR ABOUT)	Tuesday, April 13, 2021

* 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 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company, 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., Thursday, March 25, 2021 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

For details, see “General Information - Issue Schedule” on page **Error! Bookmark not defined..**

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 Rights Equity Shares in the following order of priority:

- Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank with list of Allottees and corresponding amount to be transferred to the Allotment Account. Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank to refund such Applicants.

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will send/dispatch Allotment advice, refund intimations (including in respect of Applications made through R-WAP 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 or unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay requisite interest as specified under applicable law from the expiry of such 15 days' period.

In case of Applications through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

The Rights Entitlements will be credited in the dematerialised form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking

of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes. Please note that payment of refund in case of Applications made through R-WAP, shall be through modes under (b) to (g) below:

- (a) Unblocking amounts blocked using ASBA facility.
- (b) 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 the 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 the 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 otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) National Electronic Fund Transfer (“**NEFT**”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ 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 Investors 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 Investors through this method.
- (d) Direct Credit – Investors having bank accounts with the Bankers 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.
- (e) Real-Time Gross Settlement (“**RTGS**”) – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors 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 Investor.
- (f) 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 demand drafts drawn in favor of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

In case of Application through R-WAP, refunds, if any, will be made to the same bank account from which Application Money was received. Therefore, the Investors should ensure that such bank accounts remain valid and active.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts 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.

Receipt of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form. Our Company has signed an agreement dated December 29, 2001 with NSDL and an agreement dated October 4, 2001 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialised 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 EXCHANGE ONLY IN DEMATERIALISED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialised form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (with IEPF authority/ in suspense, *etc.*). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, *i.e.*, the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-issue equity share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up equity share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates (*i.e.*, 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which maybe specified by the Government from time to time. The FPIs who wish to participate in the Offer 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 recognized 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:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility or using R-WAP (available only for residents). Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are

ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 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 upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

Payment by stockinvest

In terms of the RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stockinvest scheme has been withdrawn. Hence, payment through stockinvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form and the R-WAP platform would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Investors in the same bank account through which Application Money was received, in case of an application using the R-WAP facility. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

Utilisation of Issue Proceeds

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) shall be disclosed under an appropriate separate head in the balance sheet of the our Company indicating the purpose for which such monies had been utilized; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertakings by our Company

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.
- 3) 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.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) Adequate arrangements shall be made to collect all ASBA Applications and record all Applications made under the R-WAP process.
- 7) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Rajapalayam Mills Limited – Rights Issue**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Cameo Corporate Services Limited

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

Telephone: + 91-44-28460390;

Email: priya@cameoindia.com; **Website:** www.cameoindia.com

Investor Grievance Email: investor@cameoindia.com

Contact Person: Ms. K. Sreepriya

SEBI Registration Number: INR000003753

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (<https://rights.cameoindia.com/Rajapalayam>). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are +91 73388 08559 and +91 44 - 40020710.

This Issue will remain open for a minimum 15 days. However, our Board or 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).

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“FDI”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“DPIIT”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates 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 Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the nonresident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

SECTION VIII – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these documents for inspection referred to hereunder, would be available at our Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated February 16, 2021 between our Company and the Lead Manager.
2. Registrar Agreement dated February 16, 2021 between our Company and the Registrar to the Issue.
3. Bankers to the Issue Agreement dated February 26, 2021 among our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.

B. Material Documents in Relation to the Issue

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.
2. Certificate of incorporation dated February 24, 1936.
3. Certificate of commencement of business dated December 22, 1936.
4. Copies of annual report of our Company for Fiscals 2020, 2019, 2018, 2017 and 2016.
5. Resolution of our Board dated December 21, 2020 approving the Issue.
6. Resolution of the Rights Issue Committee dated February 27, 2021, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
7. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Manager, Bankers to the Issue, Legal Advisor to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
8. The audit report dated June 24, 2020 of the Statutory Auditors alongwith the Audited Consolidated Financial Statements included in this Letter of Offer.
9. The Limited Review Report dated February 4, 2021 of the Statutory Auditors alongwith the Interim Unaudited Consolidated Financial Statements.
10. Statement of Special Tax Benefits dated February 5, 2021 from the Statutory Auditors.
11. Tripartite Agreement dated December 29, 2001 between our Company and NSDL.
12. Tripartite Agreement dated October 4, 2001 between our Company and CDSL.
13. In-principle approval issued by the BSE dated February 24, 2021 under Regulation 28(1) of the SEBI Listing Regulations.
14. Due diligence certificate dated February 27, 2021, addressed to SEBI from the Lead Manager.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without notice to the Eligible Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P R Venketrama Raja
Chairman (Non-Executive Director)

Date: February 27, 2021

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

R Sudarsanam
Managing Director (Executive Director)

Date: February 27, 2021

Place: Rajapalayam

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P V Nirmala Raju
Non-Executive Director

Date: February 27, 2021

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

S. S. Ramachandra Raja
Non-Executive Director

Date: February 27, 2021

Place: Rajapalayam

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

N K Ramasuwami Raja
Independent Director

Date: February 27, 2021

Place: Rajapalayam

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Arrakundal Velayutha Raja Dharmakrishnan
Non-Executive Director

Date: February 27, 2021

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P. P. S. Janarthana Raja
Independent Director

Date: February 27, 2021

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vaidyanathan Santhanaraman
Independent Director

Date: February 27, 2021

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kokku Bhaskara Nagendra Murthy
Independent Director

Date: February 27, 2021

Place: Hyderabad

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Soundara Kumar
Independent Director

Date: February 27, 2021

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

P V Abinav Ramasubramaniam Raja
Non-Executive Director

Date: February 27, 2021

Place: Chennai

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Alaghar Raja P A S
Independent Director

Date: February 27, 2021

Place: Rajapalayam

DECLARATION

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

B Gnanagurusamy
(Chief Financial Officer)

Date: February 27, 2021

Place: Rajapalayam