# ASIAN GRANITO INDIA LIMITED

**Asian Granito India Limited** (our "**Company**" or "**Issuer**") was originally incorporated as ***"Karnavati Fincap Private Limited"***, as a private limited company under the Companies Act, 1956, in the state of Gujarat, pursuant to certificate of incorporation dated August 08, 1995, issued by the Registrar of Companies, Gujarat ("**RoC**"). Subsequently our company was converted into Public Limited Company and the name of our company was changed to ***"Karnavati Fincap Limited"*** pursuant to issuance of Fresh Certification of Incorporation dated August 29, 1995 by Registrar of Companies, Gujarat. The name of our Company was changed to ***"Panchariya Textile Industries Limited"*** pursuant to fresh certificate of incorporation consequent on change of name dated March 18, 1999, issued by the RoC. The name of our Company was further changed to ***"Vasudev Textile Industries Limited"*** pursuant to fresh certificate of incorporation consequent on change of name dated July 28, 2000, issued by the RoC. The name of our Company was further changed to its present name ***"Asian Granito India Limited"*** pursuant to a fresh certificate of incorporation pursuant to change of name dated November 25, 2002, issued by the RoC. For details of change of our name and address of registered office, see "***General Information***" on page 46.

**Registered and Corporate Office:** 202, Dev Arc, Opposite Iskon Tample, Ahmedabad, Gujarat – 380059, India
**Tel:** +91 079 – 66125500;
**Contact Person:** Ms. Dhruti Mahesh Trivedi, Company Secretary and Compliance Officer
**E-mail:** info@aglasiangranito.com; **Website:** www.aglasiangranito.com
**Corporate Identification Number:** L17110GJ1995PLC027025

**OUR PROMOTERS: MR. KAMLESHKUMAR BHAGUBHAI PATEL, MR. MUKESHBHAI JIVABHAI PATEL, MR. RAMESHBHAI BHIKHABHAI PATEL, MR. HASMUKHBHAI D PATEL, MR. BHAVESHKUMAR V. PATEL, MR. PANKAJBHAI M. PATEL, MR. GIRISHBHAI N. PATEL AND MR. KANUBHAI BHIKHABHAI PATEL**

**FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY**

**ISSUE OF UP TO [•] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("RIGHTS EQUITY SHARES") OF THE COMPANY FOR CASH AT A PRICE OF ₹ [•] EACH INCLUDING A SECURITIES PREMIUM OF ₹ [•] PER RIGHTS EQUITY SHARE ("ISSUE PRICE") NOT EXCEEDING ₹ [•] LAKHS* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [•] EQUITY SHARES FOR EVERY [•] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [•] (THE "ISSUE"). FOR FURTHER DETAILS, SEE "*TERMS OF THE ISSUE*" ON PAGE 252.**

**Assuming full subscription.*

## GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the *Risk Factors* carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares being offered in this Issue have not been recommended or approved by Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. **Investors are advised to refer to the "*Risk Factors*" on page 20 of this Draft Letter of Offer before making an investment in the Issue.**

## ISSUER'S ABSOLUTE RESPONSIBILITY

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

## LISTING

The existing equity shares of our Company are listed on BSE Ltd. ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). We have received "in-principle" approval from BSE & NSE for listing the equity shares arising from the Issue vide their letters dated [●] and [●] respectively. For the purposes of the Rights Issue, the Designated Stock Exchange is National Stock Exchange of India Limited.

| LEAD MANAGER TO THE ISSUE | REGISTRAR TO THE ISSUE |
|---|---|
| **Pantomath Capital Advisors Private Limited**<br>406-408, Keshava Premises, Bandra Kurla Complex, Bandra East<br>Mumbai – 400 051<br>**Tel:** +91 22 6194 6700<br>**Email:** ipo@pantomathgroup.com<br>**Investor Grievance Email:** ipo@pantomathgroup.com<br>**Website:** www.pantomathgroup.com<br>**Contact Person:** Punam Thadeshwar<br>**SEBI Registration No:** INM000012110 | **Link Intime India Private Limited**<br>C-101, 247 Park, Lal Bahadur Shastri (LBS) Marg, Vikhroli (West)<br>Mumbai – 400 083 Maharashtra, India<br>**Telephone**: +91 22 4918 6200<br>**Email**: agl.rights2022@linkintime.co.in<br>**Investor grievance e-mail**: agl.rights2022@linkintime.co.in<br>**Website**: www.linkintime.co.in<br>**Contact Person**: Sumeet Deshpande<br>**SEBI Registration No**: INR000004058 |

**ISSUE PROGRAMME**

| ISSUE OPENS ON | LAST DATE FOR ON MARKET RENUNCIATION* | ISSUE CLOSES ON# |
|---|---|---|
| [•] | [•] | [•] |

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

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

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## SECTION I – GENERAL

## DEFINITIONS AND ABBREVIATIONS

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

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 Draft Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in ***"Statement of Special Tax Benefits"*** and ***"Financial Statements"*** beginning on pages 74 and 132, respectively, shall have the meaning given to such terms in such sections.

**Issuer Related Terms**

| Term | Description |
|---|---|
| "AGIL" or "Our Company" or "The company" or "The Issuer" | Asian Granito India Limited incorporated under the Companies Act 1956 |
| "We", "us", or "our" | Unless the context otherwise requires, indicates or implies or unless otherwise specified, our company together with our Subsidiaries, on a consolidated basis |
| "Articles of Association" or"Articles" | The articles of association of our Company, as amended from time to time. |
| Audited Consolidated Financial Statements | The audited consolidated financial statements of our Company for the year ended March 31, 2021 which comprises the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information |
| "Board" or "Directors" "Board of Directors" | The directors on the board of our Company or a duly constituted committee thereof or its duly authorised individuals |
| "Chief Financial Officer / CFO" | Mr. Amarendra Kumar Gupta the Chief Financial Officer of our Company. |
| "Company Secretary and Compliance Officer" | Ms. Dhruti Mahesh Trivedi the Company Secretary and the Compliance Officer of our Company. |
| Chairman & Managing Director/ CMD | Mr. Kamleshkumar Bhagubhai Patel, being Chairman and Managing Director of the company. |
| Director(s) | The directors(s) on the Board of our Company, as may be appointed from time to time. |
| Equity Shareholders | Holders of Equity Share(s), from time to time |
| Equity Shares | Equity Shares of face value of ₹10/- each of our company. |
| Independent Director(s) | Independent Directors of our Company as defined in the Companies Act, 2013 and the SEBI Listing Regulations. |
| Key Management Personal/KMP | Key Management/ Management Personal of our Company in accordance with Regulation 2(1) (bb) of the SEBI ICDR Regulations and as described in ***"Our Management and Organizational Structure – Key Management Personal*** " on page 126. |
| Memorandum of Association or Memorandum | The memorandum of association of our Company, as amended from time to time |
| Materiality Policy | A policy adopted by our Company, in the Board meeting held on May 31, 2021 in terms of Regulation 30 of SEBI LODR |

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| | Regulations, 2015 |
| Material Subsidiary(s) | The Material subsidiaries of our Company identified in accordance with the SEBI Listing Regulations namely:<br>Crystal Ceramic Industries Private Limited<br>Amazoone Ceramic Limited |
| Materiality Threshold | Materiality threshold adopted by our Company in relation to the disclosure of outstanding civil litigation, including tax litigation, involving our Company and/or our Subsidiaries, where the amount involved is ₹ 6,259.78 Lakhs (being 10% of the total revenue or 10% of the total net-worth of our company, whichever is lower as per Audited Consolidated Financial Statements) |
| Managing Director | Mr. Mukesh Bhai Jivabhai Patel, being Managing Director of the company. |
| Promoters | The promoters of our Company, namely, Mr. Kamleshkumar Bhagubhai Patel, Mr. Mukeshbhai Jivabhai Patel, Mr. Rameshbhai Bhikhabhai Patel, Mr. Hasmukhbhai D Patel, Mr. Bhaveshkumar V. Patel, Mr. Pankajbhai M. Patel, Mr. Girishbhai N. Patel and Mr. Kanubhai Bhikhabhai Patel . |
| Promoter Group | The persons and entities forming part of the promoter group of the Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time |
| Proposed Projects | Funding the capital expenditure for setting up of new manufacturing units under the following newly incorporated wholly owned subsidiaries of the Company:<br>a. Future Ceramic Private Limited (FCPL);<br>b. AGL Sanitaryware Private Limited (ASWPL);<br>c. AGL Surfaces Private Limited (ASFPL) |
| Registered and Corporate Office | 202, Dev Arc Opposite Iskon Tample, Ahmedabad GJ 380059 IN |
| Registrar of Companies/ ROC | The Registrar of Companies, Gujarat at Ahmedabad. |
| Right Issue Committee | The committee of Board constituted through the Board Resolution dated February 04, 2022 |
| Subsidiaries | Companies or body corporates constituting the subsidiaries of our Company as determined in terms of Section 2(87) of the Companies Act, 2013 in our case the subsidiaries and step-down subsidiaries of our company being:<br>**a. Subsidiaries**<br>1. Crystal Ceramic Industries Private Limited<br>2. Amazoone Ceramics Limited<br>3. AGL Global Trade Private Limited<br>4. AGL Industries Limited<br>5. AGL Sanitaryware Private Limited<br>6. AGL Surfaces Private Limited<br>7. Future Ceramic Private Limited<br>**b. Step Down Subsidiary**<br>1. Powergrace Industries Limited<br>2. Gresart Ceramica Private Limited |
| Statutory Auditors | M/s. R.R.S. & Associates, Ahmedabad |
| Unaudited Consolidated December Financial Results | The limited review consolidated financial results of our Company as at and for the nine months period ended December 31, 2021 which comprises the consolidated statement of profit and loss |

**Issue Related Terms**

| Term | Description |
|---|---|
| "Abridged Letter of Offer" or "ALOF" | Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013 |
| Additional Right Equity Shares | The Rights Equity Shares applied or allotted under this issue in addition |

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| | to the Rights Entitlements. |
| "Allotment", "Allot" or "Allotted" | Allotment of Equity Shares pursuant to the Issue |
| Allotment Account(s) | The account(s) opened with the Banker(s) to this Issue, into which the Application Money lying credit to the Escrow Account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013 |
| Allotment Account Bank(s) | Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [•] |
| Allotment Advice | The note or advice or intimation of Allotment, sent to each successful Investor who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange |
| Allotment Date | Date on which the Allotment is made pursuant to this Issue |
| Allottee(s) | Person(s) who is Allotted Equity Shares pursuant to Allotment |
| "Applicant(s)" or"Investors" | Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Equity Shares pursuant to the Issue in terms of this Draft Letter of Offer |
| Application | Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website ofthe SCSBs (if made available by such SCSBs) under the ASBA process, or (ii) filling the online Application Form available on R-WAP (instituted only for resident Investors, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their bestefforts), to subscribe to the Equity Shares at the Issue Price. |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application using the R-WAP or through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue |
| Application Money | Aggregate amount payable in respect of the Equity Shares applied for in the Issue at the IssuePrice for the Application |
| "Application Supported by Blocked Amount" or"ASBA" | Application (whether physical or electronic) used by an ASBA Investor to make an applicationauthorizing the SCSB to block the Application Money in a the ASBA Account maintained withthe SCSB |
| ASBA Account | Account maintained with the SCSB and specified in the Application Form or the plain paper Application by the Applicant for blocking the amount mentioned in the Application Form or the plain paper Application |
| Banker(s) to the Issue | Collectively, the Escrow Collection Bank(s), the Allotment Account Bank(s) and the Refund Bank(s) to the Issue |
| Banker to the Issue Agreement | Agreement dated [•] amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker(s) 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 specifiedin the agreement |
| Basis of Allotment | The basis on which the Equity Shares will be Allotted to successful Applicants in consultationwith the Designated Stock Exchange under this Issue, as described in ***"Terms of the Issue"*** beginning on page 252. |
| "Controlling Branches" or "Controlling Branches of the SCSBs" | Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised= |

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| | yes |
| "Draft Letter of Offer" or "DLOF" | The Draft letter of offer dated March 16, 2022 filed with the Stock Exchanges, in accordance with the SEBI ICDR Regulations. |
| Designated Branches | Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes |
| Designated Stock Exchange | National Stock Exchange of India Limited |
| Eligible EquityShareholder(s) | Holder(s) of the Equity Shares of our Company as on the Record Date |
| Escrow Account(s) | One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident Investors making an Application through the R-WAP facility |
| "Escrow Collection Bank", "Allotment Account Bank(s)" or "Refund Bank(s)" | Bank(s) which are clearing members and registered with SEBI as banker to an issue and withwhom the Escrow Account will be opened, in this case being, [•]. |
| Fraudulent Borrower | A fraudulent borrower, as defined under the SEBI ICDR Regulations |
| IEPF | Investor Education and Protection Fund |
| Investor(s) | Eligible Equity Shareholder(s) of our Company on the Record Date and the Renouncee(s). |
| ISIN | International securities identification number |
| Issue | This issue of up to [•] Equity Shares for cash at a price ₹ [•]/- per Equity Share (including a premium of ₹ [•]/- per Equity Share) not exceeding ₹ [•] Lakhs# on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [•] Equity Share for every [•] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record date that is on [•].<br>#*Assuming full subscription* |
| Issue Agreement | Agreement dated February 25, 2022 entered into between our Company and the Lead Manager,pursuant to which certain arrangements are agreed to in relation to the Issue |
| Issue Closing Date | [•] |
| Issue Opening Date | [•] |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their applications, in accordance with the SEBI ICDR Regulations |
| Issue Price | ₹ [•]/- per Equity Share |
| "Issue Proceeds" or "Gross Proceeds" | Gross proceeds of the Issue |
| Issue Size | Amount aggregating up to ₹ [•] Lakhs#<br>#*Assuming full subscription* |
| Lead Manager | Pantomath Capital Advisors Private Limited or "PCAPL". |
| "Letter of Offer" or "LOF" | The final letter of offer to be filed with the Stock Exchanges and SEBI |
| Listing Agreement | The listing agreements entered into between our Company and the Stock Exchanges in termsof the SEBI Listing Regulations |
| Monitoring Agency | [•] |
| Monitoring Agency Agreement | Agreement dated [•] between our Company and the Monitoring Agency |
| Multiple Application Forms | Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respectof the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application |
| Non ASBA Investor/ Non-ASBA Applicant | Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Right Entitlement in part of full and Renouncees |
| Non-Institutional Bidders or NIIs | An Investor other than a Retail Individual Investor or Qualified |

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| | Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations |
| Net Proceeds | Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 53. |
| Off Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws. |
| On Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [•]. |
| "Qualified Institutional Buyers" or "QIBs" | Qualified institutional buyers as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations. |
| R-WAP | Registrar's web-based application platform accessible at www.linkintime.co.in, instituted as an optional mechanism in accordance with SEBI R-WAP Circulars. This platform is instituted only for resident Investors, in the event such Investors are not able to utilize the ASBA facility for making an application despite their best efforts. |
| Record Date | Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply or Equity Shares, being [•]. |
| "Registrar to the Issue" or "Registrar" | Link Intime India Private Limited |
| Registrar Agreement | Agreement dated February 25, 2022 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the R-WAP facility. |
| Renouncee(s) | Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders. |
| Renunciation Period | The period during which the Investors can renounce or transfer their Rights Entitlements whichshall commence from the Issue Opening Date. Such period shall close on [•] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date |
| Rights Entitlement(s) | Number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to thenumber of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [•] Equity Shares for every [•] Fully paid-up Equity Shares held by an Eligible Equity Shareholder. |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the R-WAP and on the website of our Company. |
| Rights Issue Circulars | 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, SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/633 dated October 01, 2021for accessing/ submitting online Application Forms by resident Investors. |
| SCSB(s) | Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 |

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| Stock Exchanges | Stock exchanges where the Equity Shares are presently listed, being BSE and NSE |
| Transfer Date | The date on which the Application Money held in the Escrow Account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange. |
| Wilful Defaulter | A wilful defaulter, as defined under the SEBI ICDR Regulations |
| Working Day(s) | In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days onwhich commercial banks in Ahmedabad are open for business. Further, in respect of Issue Period,working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Ahmedabad are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circularsissued by SEBI |

**Business and Industry Related Terms**

| Term | Description |
|---|---|
| Ball Mills | Metallic cylinder lined with rubber used for grinding |
| Double Charge Vitrified Tiles | It is one of type of Vitrified tiles in which design is made at the time of pressing stage. |
| Dust Pressing | Pressing the powder at very high pressure to shape |
| Extrusion moulding | Shaping the plastic body by pushing at high pressure |
| Feeding | Sending the tiles into a kiln for firing |
| Fettling | It is manufacturing process for rotation of tiles at the time of manufacturing. |
| Firing | Firing the ceramic articles or tiles |
| GEO | Global Economic Outlook |
| Glazing | Application of an impermeable glossy layer on tiles |
| Green Tiles | Shaped and unfired tiles |
| IEO | Indian Economic Outlook |
| KVA | Kilo Volt Ampere |
| Pressure moulding | Shaping with high hydraulic pressure |
| Sedimentation tank | Tank where impurities of raw materials is separated. |
| Silos | Storage tanks used for storing the dust |
| Slip | It is the storage house for keeping the raw materials |
| Slurry | Mixture of raw materials in liquified form |
| Spray Dryer Chamber | Drying cabin |
| Vitrification | The process of converting a material into a glass-like amorphous solid which is free of any crystalline structure, either by the quick removal or addition of heat, or by mixing with an additive. |
| WEO | World Economic Outlook |

**Conventional and General Terms/Abbreviations**

| Terms | Description |
|---|---|
| "₹", "Rs.", "Rupees" or "INR" | Indian Rupees |
| Adjusted loans and advances | Adjustment in the nature of addition to the loans and advances made in relation to certain loanswhich are treated as investments under Ind AS, but considered as loans by our Company |
| AY | Assessment year |
| BSE | BSE Limited |
| CFO | Chief Financial Officer |
| CS | Company Secretary |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate identity number |

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| COCO | Company Owned and Company Operated |
| Companies Act, 1956 | Erstwhile Companies Act, 1956 along with the rules made thereunder |
| Companies Act, 2013 | Companies Act, 2013 along with the rules made thereunder |
| 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 |
| CrPC | Code of Criminal Procedure, 1973 |
| Depositories Act | Depositories Act, 2018 |
| Depository | A depository registered with SEBI under the Securities and Exchange Board of India(Depositories and Participant) Regulations, 1996 |
| Depository Participant / DP | A depository participant as defined under the Depositories Act |
| DP ID | Depository participant's identification |
| DIN | Director Identification Number |
| EBITDA | Profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation and amortisation expense, as presented in the statement of profit and loss |
| EGM | Extraordinary general meeting |
| AGM | Annual General Meeting |
| N.A. or NA | Not Applicable |
| w.e.f | With effect from |
| EPS | Earnings per Equity Share |
| CSR | Corporate Social Responsibility |
| FCNR Account | Foreign currency non-resident account |
| FEMA | Foreign Exchange Management Act, 1999, together with rules and regulations thereunder |
| FEMA Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| "Financial Year", "FiscalYear" or "Fiscal" | Period of 12 months ended March 31 of that particular year, unless otherwise stated |
| FIR | First information report |
| FPIs | Foreign portfolio investors as defined under the SEBI FPI Regulations |
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 |
| GAAP | Generally accepted accounting principles |
| GDP | Gross domestic product |
| "GoI" or "Government" | Government of India |
| GST | Goods and Service Tax |
| HUF | Hindu Undivided Family |
| IBC | Insolvency and Bankruptcy Code, 2016 |
| ICAI | Institute of Chartered Accountants of India |
| ICSI | Institute of Company Secretaries of India |
| Income Tax Act | Income-Tax Act, 1961 |
| Ind AS | Indian accounting standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended |
| IFRS | International Financial Reporting Standards |
| Insider Trading Regulations | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 |
| MCA | Ministry of Corporate Affairs |
| Mutual Fund | Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds)Regulations, 1996 |
| Net Worth | Aggregate of Equity Share capital and other equity |
| NRI | A person resident outside India, who is a citizen of India and shall have the same meaning asascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| "OCB" or "Overseas Corporate Body" | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including |

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| | overseas trusts, in which not less than 60% ofbeneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the generalpermission granted to OCBs under FEMA |
| PAN | Permanent account number |
| PAT | Profit after tax |
| QP | Qualified purchaser as defined in the U.S. Investment Company Act |
| RBI | Reserve Bank of India |
| RBI Act | Reserve Bank of India Act, 1934 |
| Regulation S | Regulation S under the U.S. Securities Act |
| RoC | Registrar of Companies, Ahmedabad, Gujarat |
| RTGS | Real Time Gross Settlement |
| Rule 144A | Rule 144A under the U.S. Securities Act |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations, 2018 |
| STT | Securities transaction tax |
| Supreme Court | Supreme Court of India |
| Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)Regulations, 2011 |
| Total Borrowings | Aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities |
| UPI | Unified Payments Interface |
| "U.S.$", "USD" or "U.S. dollar" | United States Dollar, the legal currency of the United States of America |
| U.S. Investment CompanyAct | Investment Company Act of 1940, as amended |
| U.S. Person | U.S. persons as defined in Regulation S under the U.S. Securities Act or acting for the account orbenefit of U.S. persons (not relying on Rule 902(k)(1)(viii)(B) or Rule 902(k)(2)(i) of Regulation S) |
| U.S. QIB | Qualified institutional buyer as defined in Rule 144A under the U.S. Securities Act |
| "USA", "U.S." or "UnitedStates" | United States of America |
| U.S. SEC | U.S. Securities and Exchange Commission |
| U.S. Securities Act | U.S. Securities Act of 1933, as amended |

## NOTICE TO INVESTORS

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

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If the Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Neither the delivery of the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

**THE CONTENTS OF THE LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.**

### NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("United States"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which the Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act. Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer/ Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations. Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Rights Entitlements may not be transferred or sold to any person in the United States. The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**US SEC**"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of the Letter of Offer. Any representation to the contrary is a criminal offence in the United States. The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

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

## PRESENTATION OF FINANCIAL AND OTHER INFORMATION

### CERTAIN CONVENTIONS

In this Draft Letter of Offer, unless otherwise specified or context otherwise requires, references to 'US$', '$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America, references to 'EUR' are to EURO, the official currency of European Union, references to 'GBP' are to the British Pound, the official currency of United Kingdom and references to 'INR', 'Rs.', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India. All references herein to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the references herein to 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

### FINANCIAL DATA

Unless otherwise stated, references to "we", "us", "our" or "Company and its Subsidiaries" and similar terms are to Asian Granito India Limited on a consolidated basis and references to "the Company" and "our Company" are to Asian Granito India Limited on a standalone basis.

Unless stated otherwise, financial data in this Draft Letter of Offer is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated December Financial Results which have been prepared by our Company in accordance with Indian accounting standards as specified under section 133 of the CompaniesAct, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended and are also included in this Draft Letter of Offer. Our Company publishes its financial statements in Indian Rupees Lakhs. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the financial year ended March 31.

In this Draft Letter of Offer, any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Draft Letter of Offer.

### CURRENCY PRESENTATION

The amounts derived from financial statements included herein are represented in Rs. Lakhs, as presented in the Audited Consolidated Financial Statements and Unaudited Consolidated December Financial Results.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Lakhs.

### MARKET AND INDUSTRY DATA

Information included in this Draft Letter of Offer regarding market position, growth rates and other industry data pertaining to our businesses consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise, statistical information included in this Draft Letter of Offer pertaining to the various sectors in which we operate has been obtained or derived from publicly available information, including industry and government sources.

Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates.

Neither our Company, nor the Lead Manager have independently verified this data, and neither does our Company nor the Lead Manager make any representation regarding the accuracy of such data. Similarly, while our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and accordingly, neither our Company, nor the Lead Manager can assure the prospective investors as to their accuracy.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful is dependent on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based onvarious factors, including those disclosed in "***Risk Factors***" beginning on page 20. Accordingly, investors should not place undue reliance on this information.

## CONVERSION RATES FOR FOREIGN CURRENCY

The conversion rate for the following foreign currency is as follows:

***(Amt. in ₹)***

| S.No. | Name of the Currency | As of December 31, 2021 | As of March 31, 2021 | As of March 31, 2020 |
|---|---|---|---|---|
| 1. | 1 USD | 74.30 | 73.50 | 75.39 |
| 2. | 1 EUR | 84.05 | 86.10 | 83.05 |
| 3. | 1 GBP | 100.30 | 100.95 | 93.08 |

(Source: www.fbil.org.in.)

Such conversion should not be considered as a representation that such currency amounts have been, could have been or canbe converted into Rupees (Rs.) at any particular rate, the rates stated above or at all.

## FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer that are not statements of historical fact constitute 'forward-looking statements. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', 'future', 'forecast', 'target', or other words or phrases of similar import. Similarly, statements that describe our strategies, 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 expected financial conditions, results of operations, business plans and prospects are forward looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements and any projections contained in this Draft Letter of Offer (whether made by our Company or third parties) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause our actual results, performance or achievements 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 us 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 be materially different from any of the forward- looking statements include, but are not limited to, the following:

- Uncertainty of the continuing impact of the COVID-19 pandemic on our business and operations;
- Any adverse changes in central or state government policies;
- Any qualifications or other observations made by our future statutory auditors which may affect our results of operations;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units;
- Our ability to maintain and enhance our brand image;
- Our reliance on third party suppliers for our products;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with our Subsidiary, Individual Promoter and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Termination of customer/works contracts without cause and with little or no notice or penalty; and
- Inability to obtain, maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, financial condition, results of operations and prospects.

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under "***Risk Factors***" and "***Our Business***" beginning on pages 20 and 102 respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on our revenue could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in suchforward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct.Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event,these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer and neither our Company nor the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties 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 Companyare expressly qualified in their entirety by reference to these cautionary statements.

## SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, "*Objects of the Issue*", "*Our Business*", "*Outstanding Litigation and Defaults*" and "*Risk Factors*" beginning on pages 53, 102, 238 and 20, respectively.

### SUMMARY OF INDUSTRY

Tiles have been used as paving or cladding material since ancient times. Technological advances in the tile manufacturing industry have, however, revolutionized the manner of production of ceramic tiles. Such technological advances have lowered the cost of and reduced the time involved in the production of ceramic tiles in addition to making it less labour intensive. Factors such as these have resulted in tiles becoming a more affordable commodity.

For further Details, please refer to the chapter titled "*Industry Overview*" at page 83 of this Draft Letter of Offer.

### SUMMARY OF BUSINESS

We are in the business of ceramic and vitrified tiles, engineered marble and quartz stone and bathware range, offering a wide spectrum of manufacturing, sub-contract manufacturing, importing, marketing and distribution through modern high-end technology with tailor-made designs. For details, refer "*Our Business*" at page 102 of this Draft Letter of Offer.

### OBJECTS OF THE ISSUE

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

*(₹ in Lakhs)*

| Sr. No. | Particulars | Estimated amount(1) |
|---|---|---|
| 1. | Funding the capital expenditure for setting up of new manufacturing units under following newly incorporated wholly owned subsidiaries of the Company, (hereinafter referred to as "Proposed Projects"): | |
| | Future Ceramic Private Limited (FCPL) | 17,337.27 |
| | AGL Sanitaryware Private Limited (ASWPL) | 4,525.53 |
| | AGL Surfaces Private Limited (ASFPL) | 3,216.83 |
| 2. | Funding the working capital requirements of the Proposed Projects, post commencement of commercial production | 3,940.00 |
| 3. | Funding the capital expenditure for setting up of display centre to showcase our entire range of products and capabilities | 3,723.32 |
| 4. | General corporate purposes(1) | [●] |

*(1)To be finalized on determination of the Issue Price and updated in the Letter of Offer prior to filing with the SEBI and Stock Exchanges. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.*

For further Details, please refer to the chapter titled *"Objects of the Issue"* at page 53 of this Draft Letter of Offer.

### INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTERS AND PROMOTER GROUP

Our Promoters and Promoter Group have, vide their letters (the "**Subscription Letters**") undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

## SUMMARY OF OUTSTANDING LITIGATION AND DEFAULTS

Summary of outstanding legal proceedings involving our company and its subsidiaries as on the date of this Draft Letter of Offer is set our below:

***Litigation involving our Company***

***(₹ in Lakhs)***

| Sr. No. | Type of Proceeding | No. of cases | Amount involved, to the extent quantifiable |
|---|---|---|---|
| **A** | Proceedings involving moral turpitude or criminal liability on our Company | Nil | Nil |
| **B** | Proceedings involving material violations of statutory regulations by our Company | Nil | Nil |
| **C** | Matters involving economic offences where proceedings have been initiated against our Company | 1 | 473.51 |
| **D** | Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries | Nil | Nil |
| | **Total** | **1** | **473.51** |

***Litigation involving our Subsidiaries***

***(₹ in Lakhs)***

| Sr. No. | Type of Proceeding | No. of cases | Amount involved, to the extent quantifiable |
|---|---|---|---|
| **A** | Proceedings involving moral turpitude or criminal liability on our Company | Nil | Nil |
| **B** | Proceedings involving material violations of statutory regulations by our Company | Nil | Nil |
| **C** | Matters involving economic offences where proceedings have been initiated against our Company | Nil | Nil |
| **D** | Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries | Nil | Nil |
| | **Total** | **Nil** | **Nil** |

For further Details, please refer to the chapter titled "*Outstanding Litigation and Defaults*" at page 238 of this Draft Letter of Offer.

## RISK FACTORS

For details see "*Risk Factors*" beginning on page 20 of this Draft Letter of Offer.

## CONTINGENT LIABILITIES

For details regarding our contingent liabilities as per Ind AS 37 for Financial Year 2021, see "*Financial Statements*" beginning on page 132 of this Draft Letter of Offer.

## RELATED PARTY TRANSACTION

For details regarding our related party transactions as per Ind AS 24 entered into by our company for Financial Year ended March 31, 2021, see *"Financial Statements"* beginning on page 132 of this Draft Letter of Offer.

## ISSUE OF EQUITY SHARES OTHER THAN CASH

Our company has not issued any Equity Shares during the last one year from the date of this Draft Letter of Offer for consideration other than cash.

## SECTION II: RISK FACTORS

An investment in our 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 Draft Letter of Offer, including in ***"Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements"*** before making an investment in our Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of increasing many of the other risks described in this section, such as those relating to non-payment or default by borrowers. In making an investment decision with respect to this Issue, you must rely on your own examination of our Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences to you of an investment in our Equity Shares.

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

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context otherwise requires, in this section, reference to "we", "us" "our" refers to our Company together with our Subsidiaries, on a consolidated basis.

### INTERNAL RISKS

1. ***Our Company and promoters are facing investigation proceedings under the Customs Act, 1962 for alleged evasion of custom duty to the tune of ₹ 473.51 Lakhs. Any adverse decision in such proceedings may adversely affect our business and results of operations***

Directorate of Revenue Intelligence, Ahmedabad ("**DRI**") has issued Show Cause Notice F. No. DRI/AZU/G1-02/ENO-30(INT-13)/2018 dated 31.12.2020 and 28.01.2021 ("**SCNs**") under Customs Act, 1962 to our Company alleging evasion of customs duty to the tune of ₹ 4,73,51,270/- by way of undervaluation of import of the Crystallized Glass Panel from China and Rough Marbles from Turkey and Italy in collusion with the suppliers. The SCNs also proposes confiscation of goods involved along with interest and penalty demand.

As per the DRI, the actual values of the imported goods is higher than the value declared in the documents submitted with Customs at the time of import and the additional amounts over and above the invoice values were paid through illegal channels to the overseas suppliers, thus, the Company has evaded the payment of appropriate customs duty. Also, during the investigation Shri Mukesh Bhai Patel, Managing Director of our Company was arrested on 28.12.2018, however, a conditional bail was allowed to him on 29.12.2018.

Our Company is strongly contending the matter and has challenged the validity of the aforesaid SCNs issued by DRI before the Hon'ble Gujarat High Court. It is being contended that the DRI cannot fall within the definition of term *'proper officer'* and therefore, the impugned SCNs issued under Sections 28 and 124 of the Customs Act are without jurisdiction. In this regard, our Company relied upon the recent judgment of the Hon'ble Apex Court in the case of M/s. Canon India Private Ltd. Vs. Commissioner of Customs dated 09.03.2021 passed in Civil Appeal No. 1827 of 2018 wherein it is held that the officers of DRI would not fall within the domain of proper officer for initiating proceedings under Section 28 of the Customs Act.

Hon'ble Gujarat High Court by way of interim order, pleased to grant stay on the SCNs. Moreover, as per Letter No. GEN/ADJ/COMM/134/2021-Adjn-O/o Pr Commr-Cus-Mundra/139 dated 08.04.2021 issued from the Office of Principal Commissioner, Customs House, Mundra it is decided to keep the SCNs pending in light of directions of CBIC *vide* Instruction No. 4/2021-Customs dated 17.03.2021.

In the hearing on 04.02.2022, it was brought to the notice of Hon'ble Gujarat High Court that the Custom Amendment Bill 2022 has been introduced which will have a bearing on the ongoing matter. Hence, the matter is kept pending to be considered once the relevant amendments are being assessed.

In case the SCNs are decided against our Company, the following would be the risks involved:

- The re-determined value of Crystallized Glass Panel as per Customs Law would be ₹ 41,44,83,587/- instead of the declared value of ₹ 27,34,35,980/-. Thus, differential Customs Duty of ₹ 4,46,85,572/- would be payable.
- The re-determined value of Rough Marbles as per Customs Law would be ₹ 7,39,36,677/- instead of the declared value of ₹ 5,80,76,014/-. Thus, differential Customs Duty of ₹ 26,65,698/- would be payable.
- ₹ 3,50,00,000/- which was deposited during the investigation would be adjusted against the demand.
- Consignments of crystallized glass panels would be treated as 'smuggling' as defined under Section 2(39) of the Customs Act and the goods would be liable for confiscation u/s 111(m) of the Customs Act.
- Interest would be recoverable u/s 28AA of the Customs Act.
- Penalty u/s 112(a), 112(b) and/or 114A of the Customs Act would be payable.
- Prosecution may be initiated against the persons who at the time when offence was committed was in-charge of, and was responsible to, the Company for conduct of its business.

2. ***Our Company requires significant amounts of working capital and significant portion of our working capital is consumed in trade receivables and inventories. Our inability to meet our working capital requirements including failure to realise receivables and inventories may have an adverse effect on our results of operations and overall business.***

Our business requires significant working capital, such as to finance the purchase of raw materials, finished goods and payments for outsourced manufacturing processes and operating expenses for the operation of our warehouses before we receive payment from our counterparties. In addition, the actual amount of our future capital requirements may differ from estimates as a result of, among other factors, cost overruns, unanticipated expenses, regulatory changes, economic conditions, additional market developments and new opportunities in the building materials industry. A significant portion of our working capital is consumed in trade receivables and inventories. Summary of our working capital position is given below:-

***(₹ in lakhs)***

| S. No. | Particulars | As at September 30, 2021 | As at FY 2020-21 |
|---|---|---|---|
| **I** | **Current Assets** | | |
| 1 | Inventories | 31,589.75 | 31,931.05 |
| 2 | Trade Receivables | 37,620.40 | 42,028.49 |
| 3 | Cash and Cash Equivalents | 1,276.91 | 1,461.33 |
| 4 | Other Current Assets | 12,075.76 | 8,837.67 |
| | **Total Current Assets (I)** | **82,562.82** | **84,258.54** |
| **II** | **Current Liabilities** | | |
| 1 | Trade Payables | 23,691.61 | 30,195.48 |
| 2 | Other Current Liabilities | 9,208.17 | 8,739.96 |
| | **Total Current Liabilities (II)** | 32,899.78 | **38,935.44** |
| | | | |
| | **Working Capital Requirement (I – II)** | **49,663.04** | **45,323.10** |
| | | | |
| | **Inventories as a % of Total Current Assets** | **38.26%** | **37.90%** |
| | **Trade Receivables as a % of Total Current Assets** | **45.57%** | **49.88%** |

Our inventories comprises raw materials, work-in-progress, finished goods and stocks purchased from third party manufacturers. Our Inventories as a % of total current asset on consolidated basis as on September 30, 2021 and March 31, 2021 were 38.26% and 37.90%. Owing to the nature and size of our business, we have to ensure smooth and on-time supply of materials upon receipt of demand from our distributors, dealers and project customers to stay competitive. This requires us to avoid stock-out situations and maintain adequate stock of numerous Stock Keeping Units (SKUs) and the results of operations of our business are dependent on our ability to manage our inventory and stocks. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and manufacture and trade inventory accordingly. If our management misjudges expected customer demand, it could adversely impact the results by causing either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, which could have an adverse impact on our income and cash flows, liquidity and overall business.

Our trade receivables as % of total current asset as on September 30, 2021 and March 31, 2021 were 45.57% and 49.88%. While the Company has been attempting for efficient and faster realization of receivables and resorted to various measures including pursuing legal cases for recovery, we may not be able to fully recover the outstanding amount which may lead to write-off of our overdue unrecoverable trade receivables, and may, inter alia, require us to avail further short-term borrowings in future. Continued increases in our working capital requirements may have adverse effect on our business and results of operations.

We intend to continue growing business operations including by launching more variety of product lines. Objects of the Issue includes, amongst others, funding the capital expenditure for setting up of new manufacturing units and funding the working capital requirement of these new projects post commencement of commercial operation. In order to sell new products manufactured, we might have to maintain higher level of inventories and may also have to offer liberal credit terms to our network channels to establish the demand and market for the newer / wider range of products under our own brand. This may result in further increase in the quantum of working capital particularly trade receivables and inventories. Our inability to maintain sufficient cash flow, realize existing inventories & trade receivables, maintain credit facility and other sources of fund, in a timely manner, or at all, to meet the increasing requirement of working capital could have significant adverse effect on our financial condition and result of our operations. For further details, please refer to the chapter titled "*Objects of the Issue*" beginning on page 53, of this Draft Letter of Offer.

The outstanding trade receivables and inventories are based on the due verification and examination of books inter alia, by the Statutory Auditors, Internal Audit Department and Independent Chartered Accountants. Our customer credit risk is managed by each business unit subject to our group's policy and procedures. For details, please refer note 35(b) to the Notes to the Consolidated Financial Statements for the year ended March 31, 2021 appearing on page 132 of this Draft Letter of Offer.

***3. The shortage / non-availability and fluctuation in prices of power, fuel and water facilities may adversely affect our manufacturing process and have an adverse impact on our results of operations and financial condition.***

Our manufacturing process requires substantial amount of power, fuel and water facilities. The quantum and nature of power and fuel requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative/ independent sources of power supply since it involves significant capital expenditure and per unit cost of electricity produced is very high. We source the power requirements for our manufacturing facilities mainly from state electricity boards. To battle electricity failures, we also have diesel generator to meet exigencies at our facilities, however, we cannot assure you that our facilities will be operational during long power failures. We source our fuel requirements, mainly natural gas, under long term gas supply agreements with various suppliers of natural gas. If fuel supply is not available for any reason, we will need to rely on alternative sources, for example, Propane, etc. which may able to consistently meet our requirements.

Further, our manufacturing process also requires substantial amount of water. Water is majorly required in body formation process and glaze preparation. We currently source our water requirement from borewells. We have not made any alternate arrangements for supply of water for our manufacturing facilities. Any disruption / non availability of power, fuel or water or any failure on our part to arrange alternate sources of electricity, fuel and water supply, in a timely manner and at an acceptable cost shall directly affect our production which in turn shall have an impact on operations and results of our Company.

Ceramic Industry players in India rely on natural gas for firing of kilns to manufacture ceramic tiles. Over past more than one year, Natural Gas prices have witnessed significant hike on the wake of global volatility in the LNG prices, leading to heavy impact on cost structure and end pricing of the tiles. Similarly, prices of coal, used as a fuel in spray drying and allied processes in manufacturing of tiles, have also been going up significantly due to impact on global supplies. This has collectively impacted the manufacturing margins of the ceramic tiles players in recent times. Accordingly, we are also exposed to fluctuations in prices of power and fuel, mainly natural gas. Power and fuel cost accounts for a significant percentage of our cost of operations. For the period ending on December 31, 2021 our power and fuel expenses were 11.32% and for the Fiscals 2021 and 2020 were 8.23% and 10.62% respectively of our total consolidated revenue from operations. Although we generally attempt to pass on increases in energy and fuel-related costs to our customers, our ability to do so is dependent upon the rate of increase, competitive pressures and market conditions for our products. There have been in the past, and may be in the future, periods of time during which increases in these costs cannot be recovered. Our inability to pass on any increased costs to the customers, may adversely affect our profitability.

4. ***Volatility in the supply and pricing of our raw materials and stores & spares and increase in transportation cost may have an adverse effect on our business, financial condition and results of operations.***

The principal raw materials used in our manufacturing process are feldspar, clay, frit, bentonite, etc. The costs of raw materials consumed and stores and spares consumed for the period ended December 31, 2021 and for the fiscal 2021 and 2020 was **20.45%, 18.07%** and **27.23%** respectively our total consolidated revenue from operations. We majorly source our raw materials requirement and stores & spares locally. We do not have long term agreements with any of our raw material or inputs suppliers and we purchase such raw materials and inputs on six months advance running purchase order basis and for stores and spares on spot order basis.

Our top 10 suppliers for the period ended December 31, 2021 have contributed 32.53% and for the financial year ended March 31, 2021, have contributed 45.04% of our total purchases. While we are not significantly dependent on any single raw material or inputs supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. Therefore, we cannot assure you that we will be able to procure adequate supplies of raw materials or stores & spares in the future, as and when we need them on commercially acceptable terms.

Further, there may be volatility in prices of our raw material and stores & spares and if we are not able to compensate for or pass on our increased costs to customers, such price increases could have a material adverse impact on our result of operations, financial condition and cash flows. Additionally, we may not be able to pass on every instance of increase in input cost and may have to pursue internal cost control measures.

Besides, post outbreak of pandemic, there has been sharp increase in the container and shipping freights globally led by multiple factors including lower inward of containers, increase in fuel costs, etc. This has resulted into slowdown in exports from India. This trend, if continues, may have an adverse impact on our business and results of operations.

5. ***The impact of the COVID-19 pandemic on our business and operations is uncertain and cannot be predicted.***

The World Health Organization (WHO) declared the 2019 novel coronavirus ("COVID-19") outbreak a public health emergency of international concern on January 30, 2020, a pandemic on March 11, 2020. Governments and municipalities around the world instituted measures to control the spread of COVID-19, including quarantines, shelter in-place orders, closure of schools, travel restrictions, and closure of non-essential businesses. The COVID-19 pandemic has caused an economic downturn on a global scale, including closure of many businesses and reduced consumer spending, as well as significant market disruption and volatility.

A number of governments and organizations have revised GDP growth forecasts for calendar year 2020 downward in response to the economic slowdown caused by the spread of COVID-19.

The Government of India initially announced a 21-day country-wide lockdown starting on March 25, 2020, which was further extended in several phases with certain modifications and relaxations and there can be no assurance that such lockdowns will not be extended further on one or more occasions. Financial markets were volatile during the Financial Year 2020 due to domestic economic slowdown, concerns on fiscal slippage and geopolitical tensions. Weaknesses in overall economic activity also put pressure on business growth of our company. The spread of COVID-19 in March 2020, further increased the uncertainties for the Housing Sector. While various parts of the world, including India, have commenced calibrated easing of lockdown measures, the effects of the eventual outcome remain uncertain and contingent on the future path of the pandemic and the effectiveness of the measures to counter it.

The Spread of Second Wave of Coronavirus in the month of April and May 2021 was most devastating and millions of people of India were under its net. There was complete chaos and deaths of millions of persons due to shortage of Oxygen and ICU Beds have led to complete closure of business and commercial activities in India. Many States in India imposed strict lockdowns and people were again sitting in homes to counter this virus.

The lockdown did not halt operations within our factories as State Government allowed running of factory with certain restrictions and protocols. Thus, the factories were running at 70% - 90% capacity after lockdown. However, the retail sales were hampered and large quantities of export and domestic finished goods was stored at our warehouses. We faced increased inventory levels during the first two months of the pandemic. Additionally, due to lock down in metro cities demand for marble and quartz in domestic market dipped which has now started to improve. International market has continued to stay robust with respect to demand. In January 2022, the reported cases of COVID-19 have increased and new variants of COVID-19 like Omicron and Delta continue to emerge.

Although we did not achieve the growth and profits as projected during the first quarter of FY 2021-22 but our Company managed to take proactive steps to ensure that the business lost was regained in the forthcoming quarters and we continue to closely monitor the impact that COVID-19 may have on our business and results of operations.

6. ***We have not yet placed orders in relation to the capital expenditure to be incurred for the Proposed Projects. In the event of any delay in placing the orders, or in the event the vendors are not able to provide the equipments in a timely manner, or at all, the same may result in time and cost over-runs. Besides, commercialization of new products by the Proposed Projects and market development for such new products may take longer time than expected and / or may involve unforeseen business risks***

We intend to utilize portions of the Net Proceeds for funding capital expenditure requirements for the "Proposed Projects". While we have procured quotations from various vendors in relation to the capital expenditure to be incurred for the Proposed Projects, we have not placed any firm orders for any of them. For details in respect of the foregoing, see "*Objects of the Issue*" on page 53. Such quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. Further, the actual amount and timing of our future capital requirements may differ from our estimates as a result of, among other things, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, engineering design changes and technological changes.

In the event of any delay in placing the orders, or an escalation in the cost of acquisition of the equipment or in the event the vendors are not able to provide the equipment in a timely manner, or at all, we may encounter time and cost overruns for the Proposed Projects. Further, if we are unable to procure the requisite raw materials from the vendors from whom we have procured quotations, we cannot assure you that we may be able to identify alternative vendors to provide us with the raw materials which satisfy our requirements at acceptable prices. Our inability to procure the machinery and equipment at acceptable prices or in a timely manner, may result in an increase in capital expenditure, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly, thereby resulting in an adverse effect on our business, prospects and results of operations.

We have made and intend to continue making investments to expand our manufacturing capacities to aid our growth efforts. We intend to use substantial part of the Net Proceeds for the Proposed Projects to expand capacities in our product segments and launch new product. Further, we also intend to fund the capital expenditure for setting up display centre to showcase our entire range of Products and capabilities. The Proposed Project is intended to be funded from a combination of internal accruals and net proceeds.

The total estimated cost for the Proposed Projects and setting up of display centre is ₹ 29,472.95 Lakhs. We propose to fund the cost of the Proposed Projects as follows:

| **Source of funds for total estimated cost** | **(₹ in Lakhs)** |
|---|---:|
| Net Proceeds | 28,802.95 |
| Internal Accruals | 670.00 |

Our Proposed Projects remain subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. Problems that could adversely affect our expansion plans include labour shortages, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed in our manufacturing facilities, delays in completion, defects in design or construction, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. Further, there can be no assurance that our budgeted costs may be sufficient to meet our proposed capital expenditure requirements. If our actual capital expenditures significantly exceed our budgets, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations, cash flows, and prospects. There can be no assurance that we will be able to complete the aforementioned expansion and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition. The Proposed Projects will require us to obtain various approvals, which are routine in nature including approvals such as consent to establish and fire-no objection certificate. For further details, see "*Objects of the Issue*" on page 53. In addition to such pending approvals, we will also need to apply for certain additional approvals required for the Proposed Projects. There can be no assurance that we will be able to obtain these registrations and approvals including approvals in relations to power and water procurement in a timely manner or at all. Further, in the event of any unanticipated delay in receipt of such approvals, the proposed schedule implementation and deployment of the Net Proceeds may be extended or may vary accordingly.

While our existing sales and distribution network and project customer base shall act as our captive demand pool for the new products of the Proposed Projects, commercialization of new products and market development for such new products may take longer time than expected and / or may involve unforeseen business risks which could have an adverse impact on our business and results of operations.

7. ***Our Growth and diversification in other areas of business under our name is restricted due to restrictive convents in the settlement done with Asian Paints Limited.***

Our company is engaged in the business of Tiles, Marbles, Sanitary ware and CP Fittings and its further diversification in other areas is subject to restrictions as imposed in the ruling of Honorable High Court of Delhi. As per the ruling of Honorable Court, our Company shall use its Name "*Asian Granito India Limited"* in the following business only namely (a). Tiles, (b). Marbles, (c) Sanitary Ware and (d). CP Fittings. Our Company is also restricted to use word ASIAN either directly or indirectly by itself, or its group companies, Joint Ventures, subsidiaries, affiliates etc., the word /mark ASIAN and/or its derivatives as a Mark/brand/logo/label/slogan/ or any mark deceptively or confusingly similar to those of Asian Paints Limited for any of its products or services.

8. ***Our lenders have charge over our movable and immovable properties in respect of finance availed by us. Our inability to meet our obligations under our debt financing arrangements could adversely affect our business, results of operations and cash flows.***

We have provided security in respect of loans / facilities availed by us from banks and financial institutions by creating a charge over our movable and immovable properties. The total amounts outstanding and payable by us as secured loans were ₹ 17,592.44 Lakhs, ₹ 24,156.80 Lakhs, and ₹ 27,811.15 Lakhs as on December 31, 2021, March 31, 2021 and March 31, 2020. For further details, please refer to ***Note 15 – Borrowings – Non- Current and Note 15 – Borrowings – Current*** beginning on Page 177 under the chapter titled ***"Financial Statements"*** beginning on page 132 of this Draft Letter of Offer.

In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be subject to Invocation/forfeiture by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations. Any failure on our part to comply with the 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.

9. ***Our manufacturing operations are critical to our business and any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations and financial condition. Further, our manufacturing facilities are concentrated in a single region i.e., Gujarat and the inability to operate and grow our business in this particular region may have an adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.***

Our manufacturing facilities are located at Dholka, Dalpur and Idar at Gujarat. Our success depends on our ability to successfully manufacture and deliver our products to meet our customer demand. Our manufacturing facilities are susceptible to damage or interruption or operating risks, such as human error, power loss, breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, loss of services of our external contractors, terrorist attacks, acts of war, break-ins, earthquakes, other natural disasters and industrial accidents and similar events. Recently, on account of the government-imposed lockdown in India due to COVID-19 pandemic, operations at all of our manufacturing facilities were temporarily shut down and we were required to follow protocols as suggested by regulatory authorities which impacted our ability to operate our manufacturing facilities at optimum utilizations.

It is also subject to operating risk arising from compliance with the directives of relevant government authorities. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties.

If our Company experiences delays in production or shutdowns at our facility due to any reason, including disruptions caused by disputes with its workforce or any external factors, our Company's operations will be significantly affected, which in turn would have a material adverse effect on its business, financial condition and results of operations.

Further, any materially adverse social, political or economic development, civil disruptions, or changes in the policies of the state government or state or local governments in this region could adversely affect our manufacturing operations, and require a modification of our business strategy, or require us to incur significant capital expenditure or suspend our operations. Any such adverse development affecting continuing operations at our manufacturing facilities could result in significant loss due to an inability to meet customer contracts and production schedules, which could materially affect our business reputation within the industry. The occurrence of or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects. Further, continuous addition of industries in and around our manufacturing facilities without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure therein, which may adversely affect our business. Further, the spiralling cost of living around our manufacturing facilities may push our manpower costs higher, which may reduce our margin and cost competitiveness.

10. ***We are subject to various risks associated with the overseas markets in which we may operate, including but not limited to foreign currency exchange rate fluctuations and tax, if any. These risks may have an adverse effect on our business, prospects, results of operations and financial condition.***

We derive our revenue from operations from both domestic and export sales. For the period ending on December 31, 2021 and for the fiscal year 2021 and 2020, our revenue from exports were ₹ 14,202.88 Lakhs, ₹ 21,567.26 Lakhs and ₹ 24,025.35 Lakhs respectively**.** Our Company exports to more than 100 countries. Consequently, any adverse changes in these economies such as slowdown in the economy, acts of terrorism or hostility targeting these countries, etc. would directly impact our revenues and results from operations. In the event of change in policies or laws in these regions with respect to quality standards, branding or restrictions on usage of certain products, imposition of anti-dumping duties, etc. our financial condition and business operations may be adversely affected. In case of any contingencies in future due to which we are unable to operate effectively in these markets, our results from operations, revenues and profitability may be adversely affected.

Further our financial statements are presented in Indian Rupees. However, our revenue from operations is influenced by the currencies of geographies to where we export our products. The exchange rate between the Indian Rupee and these currencies, primarily the USD, has fluctuated in the past and our results of operations and cash flows have been impacted by such fluctuations in the past and may be impacted by such fluctuations in the future. For the period ending on December 31, 2021 and for the fiscal year 2021 and 2020, foreign exchange loss/**(gain)** on exports revenue was ₹ (110.72) Lakhs, ₹ (51.57) Lakhs and ₹ (540.83) Lakhs respectively. Further, for the period ending on December 31, 2021 and for the Fiscal year 2021 and 2020, foreign exchange loss/(gain) on cost of imports was ₹ (97.96) Lakhs, (42.74) Lakhs and ₹ (2.07) Lakhs respectively. We may, therefore, suffer losses on account of foreign currency fluctuations for sale of our products or import of raw materials since may not be able to pass on all losses on account of foreign currency fluctuations to our customers.

11. ***We depend on third parties for our logistics and transportation needs. Any disruptions in the same may adversely affect our operations, business, cash flows and financial condition.***

We do not have an in-house transportation facility and we rely on third party transportation and other logistic facilities at every stage of our business activity including for procurement of products from our suppliers and for transportation from our distribution centres to various stores. We have entered into agreements with third party transport service providers and depend on them for supply of goods. Although we have insurance for transit of goods, and typically the transportation agreements have provision for damages, since the cost of our goods carried by third party transporters is typically much higher than the consideration paid for transportation, it may be difficult for us to recover damages for damaged, delayed or lost goods. Our operations and profitability are dependent upon the availability of transportation and other logistic facilities in a time and cost-efficient manner. Accordingly, our business is vulnerable to increased transportation costs, transportation strikes and lock-outs, shortage of labour, delays and disruption of transportation services for events such as weather-related problems and accidents. Further, movement of goods encounters additional risks such as accidents, pilferage, spoilage, shrinkage and our inability to claim insurance may adversely affect our operations, results of operations and financial condition. Although we have not experienced any material logistics and transport related disruptions in the past, any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or non-supply or may require us to look for alternative sources which may not be cost-effective, thereby adversely affecting our operations, results of operations, cash flows and financial condition.

12. ***Orders placed by customers may be delayed, modified or cancelled, which may have an adverse effect on our business, financial condition and results of operations. Further any defaults or delays in payment by a significant portion of our customers, may have an adverse effect on cash flows, results of operations and financial condition.***

    We may encounter problems in executing the orders in relation to our products, or executing it on a timely basis. Moreover, factors beyond our control or the control of our customers may postpone the delivery of such products or cause its cancellation. Due to the possibility of cancellations or changes in scope and schedule of delivery of such products, resulting from our customers discretion or problems we encounter in the delivery of such products or reasons outside our control or the control of our customers, we cannot predict with certainty when, if or to what extent we may be able to deliver the orders placed. Additionally, delays in the delivery of such products can lead to customers delaying or refusing to pay the amount, in part or full, that we expect to be paid in respect of such products. In addition, even where a delivery proceeds as scheduled, it is possible that the customers may default or otherwise fail to pay amounts owed.

    In the ordinary course of business, we extend credit to our customers. Consequently, we are exposed to the risk of the uncertainty regarding the receipt of the outstanding amounts. For the period ending on September 30 , 2021 and for the fiscal year 2021 and 2020, our trade receivables was ₹ 37,620.40 Lakhs, 42,028.49 Lakhs, and 37,425.41 Lakhs respectively. Out of the above trade receivables for the period ending on September 30, 2021, 1,947.27 Lakhs is due for a period of more than 6 months and upto 1 year and ₹ 5,937.40 Lakhs is due for more than year. Our results of operations and profitability depend on the credit worthiness of our customers. Certain of these customers may have weak credit histories and we cannot assure that these counterparties will always be able to pay us in a timely fashion, or at all. Any adverse change in the financial condition of our customers may adversely affect their ability to make payments to us.

    Default or delays in payments by a significant portion of our customers may have an adverse effect on cash flows, results of operations and financial condition.

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

    Certain of our Directors (including our Promoters) are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company. There can be no assurance that our directors will exercise their rights as Shareholders to the benefit and best interest of our Company. For further details, see "*Related Party Transactions*" under section titled "***Financial Statements***" and "***Our Management***" on pages 132 and 126, respectively.

14. ***Our Promoters and Executive Directors have provided personal guarantees to certain loan facilities availed by us, which if revoked may require alternative arrangements guarantees, repayments of amounts due or termination of the facilities.***

    Our Promoters and Executive Directors have provided personal guarantees to the extent of ₹ 40,793.00 Lakhs as on December 31, 2021 in relation to certain loan facilities availed by us. In the event that any of these guarantees are revoked, the lenders for such facilities may require alternative guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative guarantees satisfactory to the lenders and as result may need to repay outstanding under such facilities or seek additional source of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial conditions.

15. ***We do significant of contract manufacturing from third parties and are dependent on them for the manufacturing, production and supply of some of the products we sell. Any failure of such third parties to adhere to the relevant statutory and other quality standards may have a negative effect on our reputation, business and financial condition.***

    Our Company has 3 manufacturing facilities for manufacturing of Vitrified tiles, Marbles, Quartz and Ceramic Glazed Tiles and 2 manufacturing facilities in our subsidiaries. We have also entered into agreements with 28 other tiles manufacturing entities and depend on them for supply of goods to our company.

Our total sales revenue comprises of 55.02% as on December 31, 2021, 57.98% as on March 31, 2021, and 49.75 % as on March 31, 2020 sourced from the products manufactured by third parties. We rely on suppliers, third party manufacturers, transport service providers and other logistic and service providers for our business. We are exposed to the risk of these suppliers, third party manufacturers and service providers failing to adhere to the standards set for them by us and statutory and/ or regulatory bodies in respect of factors such as quality, quantum of production, weights and measures and safety standards and non-compliance of relevant rules and regulations, and any consequent action by such statutory and/ or regulatory bodies or otherwise, could adversely affect our business operations, results of operations, cash flows and financial condition, due to reasons such as shortage of supply, product liability claims and product recalls. This may also result in lost confidence on the part of our customers and adversely affect our reputation. Further, any delay or failure on the part of the third-party manufacturers to deliver the products in a timely manner or to meet our quality standards by such third-party manufacturers, would result in adverse effect on our business operations, results of operation, cash flows and financial condition. Any litigation involving such third parties may cause a material adverse effect on our reputation.

In addition, certain of our suppliers, third party manufacturers, transport service providers and other logistic and service providers are retained on a non-exclusive basis and may engage with our competitors for supply of products or services at more favorable commercial terms and for better quality of products and services.

16. ***An inability to expand or manage our distribution network for business or the loss of any significant dealer may adversely affect our business and results of operations.***

We primarily sell our products to retail customers through our large distribution network of dealers and sub-dealers across India. As on the date of the Draft Letter of Offer, we have more than 2700+ registered dealers including sub dealers. The competition for dealers and sub-dealers is intense in our industry and many of our competitors including the large players continue to expand their distribution networks. There can be no assurance that we will be able to successfully expand, maintain or manage our large distribution network and strengthen our relationship with our significant dealers in the future. If we lose any of our significant dealers or sub- dealers to competitors, we may lose some or all favorable arrangements with such dealer or sub-dealer, which could result in weakening or termination of our relationships with other dealers and sub-dealers. We may also not be able to effectively manage our dealers and sub-dealers, and the cost of any consolidation or further expansion of our distribution network may exceed the additional revenue generated from such efforts.

Furthermore, the performance of our dealers and sub-dealers and their ability to sell our products, strengthen our brand and expand their businesses and their sales network are crucial for the future growth of our business and would directly affect our sales volume and profitability. Our business is dependent on maintaining a continuing relationship with our most significant dealers as a significant portion of our revenues in our business is generated by a limited number of key dealers. While our top ten dealers are not necessarily the same in every fiscal year or reporting period, our key dealers contribute a significant proportion of our total revenues. An inability to develop and maintain our relationship with key dealers by providing new and quality products, effective branding and marketing for such products, attractive commercial arrangements, or effective training and network support for dealers, may result in the loss of key dealers. There can be no assurance that we will be able to maintain or increase the historic levels of business from our key dealers, or that we will be able to immediately and successfully replace these key dealers at terms acceptable to us, should we lose any or all of them. Any loss of such key dealers may adversely affect our business, results of operations and financial condition.

17. ***Any adverse change in regulatory requirements governing our products and the products of our customers, may adversely impact our business, prospects, results of operations and financial condition.***

Regulatory requirements with respect to our products and the preferences of our customers are subject to change. An adverse change in the laws governing the manufacturing of our products, imposition of additional duties by target markets or laws governing the real estate sector, may have an adverse impact on our operations. We may be required to alter our manufacturing and/or distribution process and target markets and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers. We cannot assure you that we will be able to comply with such changes or additional regulatory requirements. In the past there have been anti-dumping duties imposed by some of our target markets, which may impact our operations in such countries. For e.g., the Gulf Cooperation Council (GCC) has imposed anti-dumping duty on imports of ceramic tiles from India with effect from June 6, 2020. Also, U.S. is considering to levy anti-dumping duty on the Quartz Surface Products exported by India and has identified few Companies which has been exporting Quartz Surface Product in which our Company is also one of them. The same is subject to administrative review by U.S Department of Commerce. Further, our products are mainly used in real estate sector which saw a downturn in past due to implementation of GST, RERA, etc. impacting our revenue of operations adversely.

If we fail to comply with new statutory or regulatory requirements, there could be a delay in the submission or grant of approval for manufacturing. Further, changes in regulatory requirements, may result in our customers being unable to utilise our products for execution of their projects. There is an inherent risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, loss of export operations, loss of demand by our end consumer which may adversely impact our business, prospects, results of operations and financial condition.

18. ***Our Company is required to obtain separate codes/sub-codes under Employee State Insurance Act, 1948. Failure to obtain and pay the ESI contributions may adversely affect our business and results of operations.***

Our Company has obtained separate registration under the Employee State Insurance Act, 1948 for Gujarat and West Bengal and is paying ESI contribution for the eligible employees there. However, for other states, where Company has operations, no separate codes/ sub codes have been obtained. Our Company is not paying ESI contributions for all the eligible employees in such states and this may entail penalty, interest and prosecution under the provisions of the Employee State Insurance Act, 1948.

19. ***We currently avail benefits under certain export promotion schemes. Any failure in meeting the obligations under such schemes, may result in adversely affecting our business operations and our financial condition.***

We currently avail benefits under certain export promotion schemes, namely, Export Promotion Capital Goods ("EPCG") license. As per the licensing requirement under the said scheme, we are bound by certain export obligations which require us to export goods of a defined amount, failing which, we may have to pay the Government, a sum equivalent to the duty benefit enjoyed by us under the said schemes along with interest. As of December 31, 2021, our pending obligations against EPCG License was ₹ 513.94 Lakhs**,** which will be adjusted at the time of the consequent exports as per the required timelines. Any reduction or withdrawal of benefits or our inability to meet any of the conditions prescribed under any of the schemes would adversely affect our business and financial condition.

20. ***Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds*.**

Our Company proposes to utilize the Net Proceeds for funding the capital expenditure for setting up of new manufacturing units under the following newly incorporated wholly owned subsidiaries of the Company, funding the working capital requirements of the Proposed Projects, post commencement of commercial production, funding the capital expenditure for setting up of display centre to showcase our entire range of products and capabilities and general corporate purposes. Our proposed deployment of Net Proceeds has not been appraised by a public financial institution or a scheduled commercial bank and is based on management estimates. Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section including inability to obtain necessary approvals for undertaking proposed activities, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. 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.

21. ***We are required to obtain and maintain certain regulatory approvals in respect of our operations. Failure to obtain or maintain licenses, registrations, consents, permits and approvals may adversely affect our business and results of operations.***

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals, consents and permits at the local, state and central government levels for undertaking our business. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. Additionally, we will need to apply for renewal of certain approvals, licenses, registrations and permits, which expire or seek fresh approvals, from time to time, as and when required in the ordinary course of our business.

Our Company is proposing to set up fully integrated manufacturing facilities and required to obtain various licenses in a phase wise manner depending upon the stage of the set up. For details, please refer to the section titled *"Objects of the Issue"* on page 53 of this Draft letter of Offer.

We cannot assure you that we will be able to timely apply for, whether fresh or renewal, all approvals, consents, permits, registrations and clearances required for undertaking our business from time to time. There can be no assurance that the relevant authority will issue an approval or renew expired approvals within the applicable time period or at all. Any delay in receipt or non-receipt of such approvals, could result in cost and time overrun, imposition of penalties, or result in the interruption of our operations, which could adversely affect our related operations.

Furthermore, we cannot assure you that the approvals, licenses, registrations, consents and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, and we may be subject to penalty and other statutory and regulatory actions, which may and may have a material adverse effect on our business and operations, financial condition, cash flows and results of operations. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may adversely affect our business and results of operations.

22. ***We have not entered into any long term or definitive agreements with our dealers or customers. If our dealers or customers choose not to source their requirements from us, our business, financial condition and results of operations may be adversely affected.***

We have not entered into any long term or definitive agreements with our dealers or customers and instead rely on purchase orders to govern the volume, pricing and other terms of sales of our products. However, such orders may be amended or cancelled prior to finalization, and should such an amend mentor cancellation take place, we may be unable to seek compensation for any surplus unpurchased products that we manufacture. Our customers do not, typically, place firm purchase orders until a short time before the products are required from us as a result of which, we do not hold a significant order book at any time, making it difficult for us to forecast revenue, production or sales. Consequently, there is no commitment on the part of the customer to continue to source their requirements from us, and as a result, our sales from period to period may fluctuate significantly as a result of changes in our customers' vendor preferences.

Additionally, our customers have high and exacting standards for product quantity and quality as well as delivery schedules. Any failure to meet our customers' expectations could result in cancellation of orders. There are also a number of factors other than our performance that are beyond our control and that could cause the loss of a customer. Customers may demand price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition.

23. ***We have certain contingent liabilities, which if materialized may adversely affect our financial condition.***

As of December 31, 2021, we had certain contingent liabilities and commitments not provided for, amounting to ₹ 29,012.85 Lakhs determined in accordance with our accounting policies as disclosed under our significant accounting policies and notes to the accounts. Further, the contingent liability of amounts disclosed in our audited financial statements represents estimates and assumptions of our management based on advice received. In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. For Details, please refer to the section titled *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on page 209 of this Draft Letter of Offer.

24. ***We are heavily dependent on machinery for our operations and any disruption to the same may cause interruption in business.***

Our manufacturing facilities are heavily dependent on plant and machinery. They require periodic maintenance checks and technical support in an event of technical breakdown or malfunctioning. Any significant malfunction or breakdown of our machineries may entail significant repair and maintenance costs and cause delays in our operations. While our Company has not entered into any technical support service agreements for our machineries which are repaired, our Company has its own in-house maintenance team to service/ repair the machinery. Any failure to quickly redress any technical issue may increase our downtime which may affect our business, results of operations and financial condition. Further, while we maintain necessary supplies of spare parts and maintenance related equipment, if we are unable to procure the necessary spare parts in a timely manner, or if we are unable to repair the malfunctioning machinery promptly, our manufacturing operations may be hampered, which could have an adverse impact on our business, results of operations and financial condition.

25. ***There may be changes in the estimated project cost.***

Currently, we have not placed any orders for the plant and machinery required to be utilized in the Proposed Expansion and the total cost of the plant and machinery required by us is estimated to be ₹ 17,477.12 Lakhs. We may have to revise our expenditure and fund requirements as a result of variations in cost estimates on account of variety of factors such as changes in our financial condition, business or strategy, change in quotation for machinery, revision in purchase orders as well as external factors which may not be in our control and may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure at the discretion of our management.

26. ***Underutilization of capacity of our Existing Manufacturing Facility or the New Manufacturing Facility may adversely affect our business, results of operations and financial condition.***

Currently, our Company has installed capacity for manufacturing of 2, 24, 26,500 square meter as on February 15, 2022 of Ceramic Glaze Tiles, Vitrified Tiles, Marble & Quartz products at our Existing Manufacturing Facilities situated at Dholka, Idar and Dalpur, which is as on February 15, 2022 utilised to the extent of 83.41%. The present underutilization of capacity is on account of the slowdown of order placement owing to Covid-19 and frequent increase in gas prices by government as a result of which, price list were changing several times. We propose to set up new manufacturing facilities under our newly incorporated wholly owned subsidiaries namely, Future Ceramic Private Limited, AGL Sanitaryware Private Limited and AGL Surfaces Private Limited. We will incur significant capital expenditure on setting up the same. We cannot assure that we shall be able to utilize our Manufacturing Facilities to their full capacity or up to an optimum capacity and non-utilisation of the same may lead to loss of profits or can result in losses, and may adversely affect our business, results of operations and financial condition. Even use of the proposed production capacity is subject to several variables like availability of raw material, power, water, proper working of machinery, orders on hand, supply/demand, manpower, etc. While setting-up of new Manufacturing Facility is to enhance the present capacities of the Company, there cannot be any assurance that the proposed capacity would be utilized to its full extent.

27. ***Our Company and Subsidiaries are involved in certain legal proceedings and potential litigations. Any adverse decision in such proceedings may adversely affect our business and results of operations.***

Our Company and Subsidiaries are impleaded in a number of legal and regulatory proceedings that, if determined against our Company or our Subsidiaries could have an adverse effect on our business, results of operations, cash flows and financial condition. For details, see "*Outstanding Litigation and Defaults*" on page 238.

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

***Litigation involving our Company***

***(₹in Lakhs)***

| Sr. No. | Type of Proceeding | No. of cases | Amount involved, to the extent quantifiable |
|---|---|---|---|
| **A** | Proceedings involving moral turpitude or criminal liability on our Company | Nil | Nil |
| **B** | Proceedings involving material violations of statutory regulations by our Company | Nil | Nil |
| **C** | Matters involving economic offences where proceedings have been initiated against our Company | 1 | 473.51 |
| **D** | Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries | Nil | Nil |
| | **Total** | **1** | **473.51** |

***Litigation involving our Subsidiaries***

***(₹in Lakhs)***

| Sr. No. | Type of Proceeding | No. of cases | Amount involved, to the extent quantifiable |
|---|---|---|---|
| **A** | Proceedings involving moral turpitude or criminal liability on our Company | Nil | Nil |
| **B** | Proceedings involving material violations of statutory regulations by our Company | Nil | Nil |
| **C** | Matters involving economic offences where proceedings have been initiated against our Company | Nil | Nil |
| **D** | Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries | Nil | Nil |
| | **Total** | **Nil** | **Nil** |

28. ***One of our Promoter, Mr. Rameshkumar Bhikhalal Patel and one from our Promoter Group, Mrs. Dimpalben***

***Bhogibhai Patel, have been disqualified to act as Director in any company by virtue of Section 164(2) read with Section 167 of the Companies Act, 2013. Any further restriction on him could affect the financial position and reputation of our company.***

Mr. Rameshkumar Bhikhalal Patel, the Promoter of our Company and Mrs. Dimpalben Bhogibhai Patel, belonging to the Promoter Group of our Company, has incurred the disqualifications to act as Directors in any company for a period of 5 years ending on 30.12.2023 as mentioned in Section 164(2) of the Companies Act, 2013 due to his directorship in a Company, namely, Aster Biospecialities Chemtecq Private Limited registered with ROC, Ahmedabad, which has not filed its financial statements or annual returns for a continuous period of two financial years (FY 2016-17 and FY 2017-18).

In case of any penalty or punitive action is imposed by Regulatory Authorities against them, it may impact the reputation of our Company and may have material impact on our business operations.

***29.*** **Some of our investments in debt instruments are unsecured or carry interest rate lower than the market rate.**

Some of our unsecured investments include investments in interest/ dividend bearing liquid debt instruments including investments in debt mutual funds and other financial products, such as principal protected funds, listed debt instruments, rated debentures or deposits with banks/ other entities. Some of our unsecured investments carry interest rate which is lower than the prevailing market. Market interest rates in India fluctuate on a regular basis. Consequently, some of our investments may continue to carry interest rate lower than the market rate in the future.

***30. Our business is dependent on the performance of the real estate, infrastructure and other related industries where our products are utilized. Uncertainty regarding the real estate market, infrastructure sector, economic conditions and other factors beyond our control could adversely affect demand for our products, our costs of doing business and our financial performance.***

Our products are primarily used in the real estate, infrastructure and related sectors. Adverse conditions in or uncertainty about these markets, or the economy could adversely impact our end-customers' confidence or financial condition, causing the reduction of demand for our products or delay purchasing or payment for those products. The performance of these sectors, and consequently the demand for our products in these sectors, are dependent on economic and other factors such as government policies, regulations and budgetary allocations as well as investments made in these industries and sectors. The financial performance of the end users of our products and any adverse developments that affect the tile industry and the real estate, infrastructure and related sectors where our products are used may adversely affect our business, results of operations and financial condition.

***31. Our insurance cover may not be adequate or we may incur uninsured losses or losses in excess of our insurance coverage.***

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, and accidents affect our factories and distribution centres or in the regions/areas where our stores and distribution centres are located. Although we maintain insurance coverage in relation to fire and other natural and accidental risks at our facilities, money and fidelity insurance and stock insurance, there are possible losses, which we may not have insured against or covered or wherein the insurance cover in relation to the same may not be adequate. Any damage suffered by us in excess of such limited coverage amounts, or in respect of uninsured events, not covered by such insurance policies will have to be borne by us. For details in relation to insurance, see "***Our Business – Insurance***" on page 123.

Further, while there has been no past instance of inadequate insurance coverage for any loss, there can however be no assurance that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. A successful enforcement of one or more claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or co-insurance requirement, could adversely affect our business, financial condition, cash flows and results of operations.

***32. We have not independently verified certain third party and industry related data in this Draft Letter of Offer, which might have certain limitations.***

We have not independently verified the industry data contained in this Draft Letter of Offer and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere

33. ***Our Company depends on the knowledge and experience of our Directors and Key Management Personnel for our growth. The loss of their services may have a material adverse effect on our business operations.***

    Our Company depends on the management skills and guidance of our directors for development of business strategies, monitoring its successful implementation and meeting future challenges. Our Key Management Personnel and other senior managerial personnel complement the vision of our directors and perform a crucial role in conducting our day-to-day operations and execution of our strategies. Our key management personnel and other senior managerial personnel collectively have several years of experience and are difficult to replace. Competition for senior management in the industry in which we operate is intense, and we may not be able to recruit and retain suitable replacements in a timely manner or at all. In the event we are unable to attract and retain our Key Management Personnel and other senior managerial personnel, and they join our competitors or form competing companies, our ability to conduct efficient business operations may be impaired. The loss of the services of such personnel and our inability to hire and retain additional qualified personnel may have an adverse effect on our business operations.

34. ***Our Company has in the past entered into related party transactions and may continue to do so in the future.***

    We have entered into and may in the course of our business continue to enter into transactions specified under "***Related Party Transactions***" under Financial Statements on page 193. While we believe that all such transactions have been conducted on an arm's length basis and in the ordinary course of business, there can be no assurance that we could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have a material adverse effect on our financial condition, cash flows and results of operations.

35. ***Any increase in interest rates would have an adverse effect on our results of operations and will expose our Company to interest rate risks.***

    We are dependent upon the availability of equity, cash balances and debt financing to fund our operations and growth. Some of our secured debt has been availed at floating rates of interest. Any fluctuations in interest rates may directly impact the interest costs of such loans and, in particular, any increase in interest rates could adversely affect our results of operations. Furthermore, our indebtedness means that a material portion of our expected cash flow may be required to be dedicated to the payment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. If interest rates increase, our interest payments will increase and our ability to obtain additional debt and non-fund-based facilities could be adversely affected with a concurrent adverse effect on our business, financial condition and results of operations. For further details, please refer chapter titled "***Financial Statements***" beginning on page 132 of this Draft Letter of Offer.

36. ***The industry segments in which we operate being fragmented, we face competition from other players, which may affect our business operations and financial conditions.***

    We compete in ceramic tiles industry on the basis of the quality of our products, price, and distribution. The industry in which we operate is highly competitive. Factors affecting our competitive success include, amongst other things, price, demand for our products, and availability of raw materials, brand recognition and reliability. Our competitors vary in size, and may have greater financial, production, marketing, personnel and other resources than us and certain of our competitors have a longer history of established businesses and reputations in the Indian ceramic tiles industry as compared with us. Competitive conditions in some of our segments have caused us to incur lower net selling prices and reduced gross margins and net earnings. These conditions may continue indefinitely. Changes in the identity, ownership structure, and strategic goals of our competitors and the emergence of new competitors in our target markets may impact our financial performance. New competitors may include foreign-based companies and domestic producers who could enter our markets. Our failure to compete effectively, including any delay in responding to changes in the industry and market, together with increased spending on advertising, may affect the competitiveness of our products, which may result in a decline in our revenues and profitability. Also, see "***Business - Competition***" on page 124 of this Draft Letter of Offer.

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

***suppliers*.**

Ceramic tiles industry being labour intensive is dependent on labour force for carrying out its manufacturing operations. We also employ contract labour at our manufacturing facilities. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. Though we have not experienced any major disruptions in our business operations due to disputes or other problems with our work force in the past; however, there can be no assurance that we will not experience such disruptions in the future. Such disruptions may adversely affect our business and results of operations and may also divert the management's attention and result in increased costs. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

38. ***We may be unable to enforce our rights under some of our agreements with counterparties on account of insufficient stamping and non-registration or other reasons.***

We enter into agreements with third parties, in relation to lease/ licensee of land or retail space for our retail stores and distribution centres and for transportation of goods. Some of the agreements executed by us may be inadequately stamped or not registered or may not otherwise be enforceable. Inadequately stamped documents may be impounded by the appropriate authority. Such inadequately stamped or not registered documents may not be admissible in evidence in a court of law until the applicable stamp duty, with penalty, has been paid and registered, which could, therefore, impact our ability to enforce our rights under the agreements in a timely manner or at all. We cannot assure you that we would be able to enforce our rights under such agreements. This could impair our business operations and adversely affect our cash flows, results of operation and financial condition.

39. ***An inability to address changing industry standards and consumer trends may adversely affect our business, results of operations and financial condition.***

The future success of our business will depend in part on our ability to respond to technological advances, consumer preferences (including in designs) and emerging industry standards and practices in a cost effective and timely manner. The development and implementation of such new technology entails technical and business risks. We may have to incur substantial capital investment to upgrade our equipment and manufacturing facilities. While we continue to invest in various product development initiatives, introduction of new designs and new technologies and processes for the development of new products, we are subject to general risks associated with introduction and implementation of new products including the lack of market acceptance and delays in product development. There can be no assurance that we will be able to successfully develop new products or that such new products will receive market acceptance or adapt our manufacturing processes to incorporate new technologies or address changing consumer trends or emerging industry standards. Any rapid change in the expectations of our dealers and end customers in our business on account of changes in technology or introduction of new alternate products could adversely affect our business, results of operations and financial condition.

40. ***If we are unable to continue to implement our brand building and marketing initiatives, for each of our brands, our business and prospects may be adversely affected. Moreover, any deterioration in the reputation and market perception of our brand may have an adverse effect on our sales, profitability and the implementation of our growth strategy.***

We operate under our brand "AGL Tiles" in the industry in which we operate. Our brand and reputation are among our important assets. The performance and quality of products are critical to the success of our business. The success of these products depends significantly on the effectiveness of the product design, quality of the raw materials and quality control systems, which in turn, depend on skills and experience of our personnel and our ability to ensure that such personnel adhere to our standards and policies and guidelines. Any adverse change in the quality of products rendered by us including due to reasons beyond our control, or allegations of defects, even when false, at any of our manufacturing facilities could tarnish the image of our brands, result in negative reviews and feedback from our customers. Further, our brand building would also depend on the effectiveness of sales and promotional activities and choice of channel partners. There can be no assurance that our efforts in these areas would always be effective. Any adverse development or decline in our brand value and reputation may adversely affect our business, results of operations and financial condition.

41. ***We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in our products, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity*.**

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity. For the nine months ended December 31, 2021 and for the FY 2020-21, 2019-20, our breakage and complaint expenses amounted to ₹ 108.66 Lakhs, ₹ 96.98 Lakhs and ₹ 151.90 Lakhs respectively on consolidated basis. Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our company, brand, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

42. ***Our business prospects and continued growth depends on our ability to access financing at competitive rates and competitive terms, which amongst other factors is dependent on our credit rating. Any downgrade of our credit ratings may restrict our access to capital and thereby adversely affect our business and results of operations.***

Our business depends on our ability to obtain funds at competitive rates. The cost and availability of capital, amongst other factors, is also dependent on our current and future results of operations and financial condition, our ability to effectively manage risks, our brand and our credit ratings. We may not be able to avail the requisite amount of financing or obtain financing at competitive interest rates if we fail to have favorable results of operations. We had been rated on October 27, 2021 by ICRA ratings for our Fund based - Term Loan and Working Capital Facilities as **ICRA A+ with a stable outlook** and for our **Non-Fund based –** Bank Guarantee and Letter of Credit **as ICRA A1**. Ratings reflect a rating agency‘s opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Any downgrade made to our credit ratings could lead to high borrowing costs and limit our access to capital and lending markets and, as a result, could adversely affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements.

43. ***Failure or disruption of our IT and/or business resource planning systems may adversely affect our business, financial condition, results of operations, cash flows and prospects.***

We have implemented various information technology ("IT") and/or business resource planning systems to cover key areas of our operations. We are dependent on technology in relation to customer order management and dispatches and financial accounting. We rely on our IT infrastructure to provide us with connectivity and data backup across our locations and functions. While the business resource planning systems that we have implemented have enabled us to improve our working capital cycles, despite an increase in our sales over the period, we can provide no assurance that we will be able to do so in the future. We believe that we have deployed adequate IT disaster management systems including data backup and retrieval mechanisms, at our manufacturing facilities. However, any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error or sabotage) may affect our ability to plan, track, record and analyze work in progress and sales, process financial information, manage our creditors, debtors and hedging positions, or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition, results of operations and cash flows.

44. ***Our inability to effectively manage our growth or to successfully implement our business plan and growth strategies could have an adverse effect on our business, results of operations and financial condition*.**

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. Our growth strategies require us to develop and strengthen relationships with existing dealers and customers for our business of vitrified tiles who may drive high volume orders on an ongoing basis. To remain competitive, we seek to increase our business from existing customers and by adding new customers, as well as expanding into new geographical markets.

Our success in implementing our growth strategies may be affected by:

- our ability to expand our dealers' network;
- our ability to maintain the quality of our products;
- our ability to increase our export operations;
- our ability to increase our manufacturing capacities as well as procure goods on outsourcing basis;

- the general condition of the global economy (particularly of India and the other markets that we currently or may operate in);
- our ability to compete effectively with existing and future competitors,
- Changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. We also plan to enhance and develop our existing brand in India. By focusing further resources, including management time and effort, distribution and sales network and brand management on developing our brand, we will be diverting our resources from our established business of manufacturing. We may not be successful in developing our brand image as we intend to.

While we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within our estimated budget, or that our expansion and development plans will increase our profitability. Any of these factors could adversely impact our results of operations. We expect our growth strategies to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategies could have a material adverse effect on our business, financial condition and profitability

45. ***We have not made any alternate arrangements for meeting our capital requirements for the Objects of the Issue. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.***

As on date, we have not made any alternate arrangements for meeting our capital requirements for the objects of the Issue. We meet our capital requirements through our bank finance, unsecured loans, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue or any shortfall in the Issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled "***Objects of the Issue***" beginning on page 53 of this Draft Letter of Offer.

46. ***Any variation in the utilization of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders' approval***.

Our Company intends to use Net Proceeds raised pursuant to the Rights Issue in the manner set out in the section titled "***Objects of the Issue***" on page 53. In accordance with SEBI LODR Regulations and other applicable provisions, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Draft Letter of Offer without obtaining the approval of shareholders of our Company through a special resolution. In the event of any such we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations.

In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Rights Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by redeploying the unutilized portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

47. ***If we are unable to source business opportunities effectively, we may not achieve our financial objectives.***

Our ability to achieve our financial objectives will depend on our ability to identify, evaluate and accomplish business opportunities. To grow our business, we will need to hire, train, supervise and manage new employees and to implement systems capable of effectively accommodating our growth. However, we cannot assure you that any such employees will contribute to the success of our business or that we will implement such systems effectively. Our failure to source business opportunities effectively could have a material adverse effect on our business, financial condition and results of operations. It is also possible that the strategies used by us in the future may be different from those presently in use. No assurance can be given that our analyses of market and other data or the strategies we use or plans in future to use will be successful under various market conditions.

48. ***Activities involving our manufacturing process can be dangerous and can cause injury to people or property in certain circumstances. A significant disruption at any of our manufacturing facilities may adversely affect our production schedules, costs, sales and ability to meet customer demand***.

Our business operations are subject to hazards such as risk of equipment failure, work accidents, fire or explosion and require individuals to work under potentially dangerous circumstances. Although we employ safety procedures in the operation of our facilities and maintain what we believe to be adequate insurance, there is a risk that an accident or death may occur in one of our facilities. An accident may result in destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of liabilities. Any such accident may result in litigation, the outcome of which is difficult to assess or quantify, and the cost to defend litigation can be significant. As a result, the costs to defend any action or the potential liability resulting from any such accident or death or arising out of any other litigation, and any negative publicity associated therewith, may have a negative effect on our business, financial condition, results of operations, cash flows and prospects.

In particular, if operations at our manufacturing facility were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, terrorism, adverse weather conditions, labour dispute, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products.

Interruptions in production may also increase our costs and reduce our sales, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations, cash flows and prospects.

***49. An inability to renew quality accreditations in a timely manner or at all, or any deficiencies in the quality of our products may adversely affect our business prospects and financial performance.***

We obtain and maintain quality certifications and accreditations from independent certification entities and also comply with prescribed specifications and standards of quality approved by the Government in connection with the products we manufacture. Such specifications and standards of quality is an important factor in the success and wide acceptability of our products. If we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, in a timely manner or at all, our business prospects and financial performance will be materially and adversely affected.

***50.*** **Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.**

Our company has declared and paid Dividends of 13% in 2016-17, 13% in 2017-18, 6% in 2018-19, 7% in 2019-20 and 5% in 2020-21. The amount of our future dividends, if any, will depends on various factors such as future earnings, cash flows, financial conditions, working capital requirements, capital expenditures, change in regulatory norms pertaining to calculation of amount available to be paid as dividend, limit on dividend payment, if any, specified in accordance with applicable laws. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on the Equity Shares. The amounts paid as dividends in the past are not necessarily indicative of our Company's dividend policy or the dividend amounts, if any, in the future. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

## EXTERNAL RISKS

### Risks Relating to India

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

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

52. ***Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.***

The Central Government has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Further, our business is also impacted by regulation and conditions in the various states in India where we operate. Our business, and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in central or state Government policies, taxation and other political, economic or other developments in or affecting India. Since 1991, successive Central Governments have pursued policies of economic liberalization and financial sector reforms. Any slowdown in these demand drivers or change in Government policies may adversely impact our business and operations. Generally, a significant adverse change in the Central Government's policies could adversely affect our business, financial condition and results of operations and could cause the trading price of our Equity Shares to decline.

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

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us.

Although economic conditions vary across countries, investors' reaction to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in one emerging economy may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Furthermore, economic developments globally can have a significant impact on India. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy. Following the United Kingdom's exit from the European Union ("**Brexit**"), there remains significant uncertainty around the terms of their future relationship with the European Union and, more generally, as to the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. For example, Brexit could give rise to increased volatility in foreign exchange rate movements and the value of equity and debt investments.

In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. The sovereign rating downgrades for Brazil and Russia (and the imposition of sanctions on Russia) have also added to the growth risks for these markets. These factors may also result in a slowdown in India's export growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term effect of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. Any significant financial disruption could have a material adverse effect on our business, financial condition, cash flows and results of operation.

Further, ongoing Russia and Ukraine conflict will also have an adverse impact globally effect of which are uncertain at this stage. These developments, or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity, restrict the ability of key market participants to operate in certain financial markets or restrict our access to capital. This could have a material adverse effect on our business, financial condition, cash flows and results of operations and reduce the price of the Equity Shares.

54. ***If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.***

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future Governments will implement regarding tax incentives or excise duty benefits. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

55. ***We may be affected by competition law in India and any adverse application or interpretation of the***

***Competition Act could adversely affect our business.***

The Competition Act, 2002 regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

56. ***A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

57. ***Significant differences exist between Ind AS and other accounting principles, such as IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.***

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

58. ***It may not be possible for you to enforce any judgment obtained outside India against us, our management or any of our respective affiliates in India, except by way of a suit in India on such judgment.***

We are incorporated under the laws of India and a majority of our directors and executive officers reside in India. A substantial majority of our assets, and the assets of our directors and officers, are also located in India. As a result, you may be unable to:

- effect service of process outside of India upon us and such other persons or entities; or
- enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Civil Procedure Code, on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction;

(ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognize the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. However, Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, United Arab Emirates, Republic of Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the USA has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws.

***59. Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our business, our future financial performance, our shareholders' funds and the price of our Equity Shares.

**Risks Relating to the Equity Shares and this Issue**

***60. 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.

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

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in 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 to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed

Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

62. ***Our Company will not distribute the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form and other Issue related materials to certain categories of overseas Equity Shareholders.***

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such 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 such 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.

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 lack of clarity under the Companies Act and the rules made thereunder with respect to distribution of the Issue materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. However, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act and may subject us to fines or penalties.

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

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

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

In accordance with SEBI Relaxation Circulars, a separate R-WAP facility (accessible at www.linkintime.co.in), has been instituted for making an Application in this Issue by resident Investors (only in the event such Investors are not able to utilize the ASBA facility for making an application despite their best efforts). 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 - Making of an Application through the Registrar's Web-based Application Platform ("R-WAP") process"*** on page 256.

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 policies 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 the COVID-19 pandemic. We cannot assure you that R-WAP 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 may be 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 R-WAP.

65. ***SEBI has, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021, April 22, 2021 and October 01, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021, April 22, 2021 and October 01, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. Further, while in accordance with the SEBI Rights Issue Circulars, the credit of Rights Entitlements shall be made into the demat accounts of the Eligible Equity Shareholders as on the Record Date, such Eligible Equity Shareholders shall participate in the Issue only in accordance with the applicable laws in their respective jurisdictions. For details, see ***“Terms of the Issue”*** beginning on page 252.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. 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 dematerialized form; and (ii) a demat suspense escrow account (namely, **[•]**) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

66. ***Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.***

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor’s demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor’s demat account or that trading in the Equity Shares will commence in a timely manner.

67. ***Overseas shareholders may not be able to participate in our Company’s future rights offerings or certain other equity issues.***

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights (including their credit) to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for our Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act and the U.S. Investment Company Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

68. ***The trading price of our Equity Shares may be subject to volatility and you may not be able to sell your Equity Shares at or above the Issue Price.***

The trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets in general experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could adversely affect the price of our Equity Shares.

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

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the Rights Issue circulars, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see "*Terms of the Issue*" on page 252. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

70. ***Investors will not have the option of getting the allotment of Equity Shares in physical form.***

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see "***Terms of the Issue***" on page 252. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

71. ***Fluctuations in the exchange rate between the Rupee and the U.S. dollar could have an adverse effect on the value of our Equity Shares, independent of our operating results.***

Our Equity Shares are quoted in Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will be paid in Rupees and subsequently converted into U.S. dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in 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 shareholders. The exchange rate between the Rupee and the U.S. dollar has changed substantially in the last two decades and could fluctuate substantially in the future, which may have an adverse effect on the value of our Equity Shares and returns from our Equity Shares, independent of our operating results.

72. ***There is no guarantee that our Equity Shares will be listed, or continue to be listed, on the Indian stock exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on a Stock Exchange.***

In accordance with Indian law and practice, final approval for listing and trading of our Equity Shares will not be applied for or granted until after our Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorizing the issuance of our Equity Shares. Accordingly, there could be a failure or delay in listing our Equity Shares on the NSE and BSE, which would adversely affect your ability to sell our Equity Shares.

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

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required. In addition, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

74. ***Any future issuance of Equity Shares by us or sales of our Equity Shares by any of our significant shareholders may adversely affect the trading price of our Equity Shares.***

Any future issuance of our Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

75. ***The Equity Shares to be allotted may not be credited to your demat account in a timely manner and cannot be traded unless the listing and trading approval is received or at all.***

The Equity Shares that you purchase 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.

# SECTION III: INTRODUCTION

## THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on February 04, 2022, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by our Board at its meeting held on [•].

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, detailed information included in ***"Terms of the Issue"*** beginning on page 252.

| | |
|---|---|
| **Equity Shares being offered by our Company** | Issue of upto [•] Equity Shares |
| **Rights Entitlement** | [•] Equity Share for every [•] fully paid-up Equity Share(s) held on the Record Date |
| **Record Date** | [•] |
| **Face value per Equity Share** | ₹ 10/- each. |
| **Issue Price** | ₹ [•]/- each. |
| **Issue Size** | Up to ₹ [•] Lakhs |
| **Equity Shares subscribed, paid–up and outstanding prior to the Issue** | 5, 67, 51,634 Equity Shares. For details, see ***"Capital Structure"*** beginning on page 50. |
| **Equity Shares subscribed, paid–up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)** | Up to [•] Equity Shares |
| **Security codes for the Equity Shares** | **ISIN for Equity Shares:** INE022I01019<br>**BSE Code:** 532888<br>**NSE Code:** ASIANTILES |
| **ISIN for Rights Entitlements** | [•] |
| **Terms of the Issue** | For details, see **"*Terms of the Issue*"** beginning on page [•] |
| **Use of Issue Proceeds** | For details, see **"*Objects of the Issue*"** beginning on page [•] |

For details in relation fractional entitlements, see ***"Terms of the Issue – Fractional Entitlements"*** beginning on page 269.

## GENERAL INFORMATION

Our Company was originally incorporated as a Private Limited Company in the name of **"Karnavati Fincap Private Limited"** under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated August 08, 1995 issued by Registrar of Companies, Dadra & Nagar Haveli, Gujarat. Subsequently, our company was converted into Public Limited and name of company was changed to **"Karnavati Fincap Limited"** pursuant to issuance of Fresh Certification of Incorporation dated August 29, 1995 by Registrar of Companies, Dadra & Nagar Haveli, Gujarat. Further, our Company named was changed to **"Panchariya Textile Industries Limited**" on March 18, 1999 and thereafter on July 28, 2000 our company's name was changed to **"Vasudev Textile Industries Limited"** pursuant to issuance of Fresh Certification of Incorporation by Registrar of Companies, Dadra & Nagar Haveli, and Gujarat. Subsequently, the name of our Company was changed to its present name, **Asian Granito India Limited** under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated November 25, 2002 issued by Registrar of Companies, Dadra & Nagar Haveli, Gujarat. The Corporate Identification Number of our company is L17110GJ1995PLC027025 and the Registered & Corporate office of our company is situated at 202, Dev Arc Opposite Iskon Tample, Ahmedabad GJ 380059 IN.

### REGISTERED AND CORPORATE OFFICE OF OUR COMPANY

**Asian Granito India Limited**
202, Dev Arc, Opposite Iskon Tample,
Ahmedabad, Gujarat-380059, India
**Tel:** 079 – 66125500
**Email:** info@aglasiangranito.com
**Website:** www.asiangranito.com
**Corporate Identification Number:** L17110GJ1995PLC027025.
**Company Registration Number:** 027025

### REGISTRAR OF COMPANIES

Our Company is registered with the RoC, which is situated at the following address:

**Registrar of Companies**
ROC Bhavan, Opp. Rupal Park Society,
Behind Ankur Bus Stop, Naranpura,
Ahmedabad, Gujarat – 380013
**Website:** www.mca.gov.in

### COMPANY SECRETARY & COMPLIANCE OFFICER

**Dhruti Mahesh Trivedi**
202, Dev Arc, Opposite Iskon Tample,
Ahmedabad, Gujarat-380059, India
**Tel:** 079 – 66125500
**Email:** legal1@aglasiangranito.com

### STATUTORY AUDITOR OF OUR COMPANY

**M/s. R.R.S & Associates**
211, Kamal Complex, Nr. Stadium Circle,
Opp. SBI Bank, C.G. Road, Navranpura
Ahmedabad, 380009 Gujarat IN
**Tel:** +91 – 79 – 40063697
**Email:** rrs.partner@gmail.com
**Contact Person:** CA. Purva Shah
**Firm Registration No:** 118336W

### LEAD MANAGER

**Pantomath Capital Advisors Private Limited**
406-408, Keshava Premises, Bandra Kurla Complex, Bandra East
Mumbai – 400 051

**Tel:** +91 22 6194 6700
**Email:** ipo@pantomathgroup.com
**Investor Grievance Email:** ipo@pantomathgroup.com
**Website:** www.pantomathgroup.com
**Contact Person:** Punam Thadeshwar
**SEBI Registration No:** INM000012110

## REGISTRAR TO THE ISSUE

**Link Intime India Private Limited**
C – 101, 247 Park, LBS Marg, Vikhroli (West),
Mumbai – 400083, Maharashtra, India
**Tel:** +91 – 22 – 49186200
**Fax:** +91 – 22 – 49186060
**Website:** www.linkintime.co.in
**Email:** agl.rights2022@linkintime.co.in
**Investor Grievance id:** agl.rights2022@linkintime.co.in
**Contact Person:** Shanti Gopalkrishnan
**SEBI Registration Number:** INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process or R-WAP may be addressed to the Registrar to the Issue, with a copy to the SCSB (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 of 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 SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (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"*** beginning on page 252.

## BANKER TO THE ISSUE

**[•]**
[•]
Tel: [•]
Fax: [•]
E-mail: [•]
Contact Person: [•]
Website: [•]
SEBI Registration No.: [•]

## DESIGNATED INTERMEDIARIES

***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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 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. On Allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Equity Shares Allotted

## ISSUE SCHEDULE

| Event | Indicative Date |
|---|---|
| Last Date for credit of Rights Entitlements | [•] |
| Issue Opening Date | [•] |
| Last date for On Market Renunciation of Rights Entitlements # | [•] |
| Issue Closing Date* | [•] |
| Finalization of Basis of Allotment (on or about) | [•] |

| | |
|---|---|
| Date of Allotment (on or about) | [•] |
| Date of credit (on or about) | [•] |
| Date of listing (on or about) | [•] |

*# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
** Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see ***"Terms of the Issue - Process of making an Application in the Issue"*** beginning on page 253.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.linkintime.co.in after keying in their respective details along with other security control measures implemented thereat. For further details, see ***"Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders"*** beginning on page 265.

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

## INTER – SE ALLOCATION OF RESPONSIBILITIES

Pantomath Capital Advisors Private Limited is the sole Lead Manager to the Issue and all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them and hence a statement of inter-se allocation of responsibilities is not required.

## CREDIT RATING

This being an issue of Equity Shares, credit rating is not required.

## MONITORING AGENCY

Our Company has appointed [•] as the Monitoring Agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, to monitor the utilization of Net Proceeds.

**[•]**
[•]
Tel: [•]
Fax: [•]
E-mail: [•]
Contact Person: [•]
Website: [•]
SEBI Registration No.: [•]

## UNDERWRITER

This Issue shall not be underwritten.

## MINIMUM SUBSCRIPITION

In accordance with Regulation 86 of SEBI ICDR Regulations, if our Company does not receive the minimum subscription of at least 90% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is any delay in the refund of the subscription amount beyond such period as prescribed by applicable laws, our Company and Directors who are "officers in defaults" will pay interest for the delayed period, at such rates as prescribed under the applicable laws. The above is subject to the terms mentioned under "*Terms of the Issue*" on page 252.

## FILING

The issue is undertaken under the Fast-Track Scheme and complies with Regulation 99 of SEBI (ICDR) Regulations, 2018. This Draft Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Also, 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. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

## CAPITAL STRUCTURE

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

***(Amount in ₹ except share data)***

| S. No. | Particulars | Aggregate nominal value | Aggregate value at Issue Price |
|---|---|---|---|
| **A.** | **AUTHORISED SHARE CAPITAL** | | |
| | *12,70,00,000 Equity Shares of face value of ₹ 10/- each | 127,00,00,000 | NA |
| **B.** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE** | | |
| | 5,67,51,634 Equity Shares of face value of ₹ 10/- each | 56,75,16,340 | NA |
| **C.** | **PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER[1]** | | |
| | Issue of Upto [•] Rights Equity Shares of Face value of ₹ 10/- each at a price of ₹ [•]/- per Rights Equity Share | [•] | [•][#] |
| **D.** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE** | | |
| | [•] Equity Shares of face value of ₹ 10/- each | [•] | |
| **E.** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Issue | 344,15,29,790^ | |
| | After the Issue** | [•] | |

**Pursuant to an Ordinary resolution passed at the Extra Ordinary General Meeting of the Shareholders held on February 28, 2022, the Authorized Share Capital of our Company has been increased from the existing share capital of ₹ 6,500 lakhs divided into 6,50,00,000 Equity Shares of ₹ 10/- each to ₹ 12,700.00 lakhs divided into 12,70,00,000 Equity Shares of ₹ 10/- each.*

*[1] The Issue has been authorized by the Board of Directors vide a resolution passed at its meeting held on February 04, 2022.*

*[#]Assuming full subscription for and allotment of the Equity Shares.*

***Subject to Basis of Allotment.*

*^On a consolidated basis.*

As on the date of this Draft Letter of Offer, company has no outstanding instruments which are liable to be converted into equity shares.

### NOTES TO CAPITAL STRUCTURE

1. **Intention and extent of participation by our Promoters and Promoter Group in the Issue:**

   Our Promoters and Promoter Group have, vide their letters (the "Subscription Letters") undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

   Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the Takeover Regulations.

   The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

2. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [•]/- per equity share.

3. At any given time, there shall be only one denomination of the Equity Shares of our Company, excluding any equity shares with superior rights, if any, issued by our Company.

4. **Shareholding Pattern of our Company as per the last filing with the Stock Exchanges**:

a). The Shareholding Pattern of our Company as on December 31, 2021 can be accessed on the website of the BSE at https://www.bseindia.com/stock-share-price/asian-granito-india-ltd/asiantiles/532888/shareholding-pattern/ or on the website of NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ASIANTILES&tabIndex=equity.

b). The statement showing the holding of Equity Shares of persons belonging to the category "Promoter and Promoters Group" as on December 31, 2021 can accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532888&qtrid=112.00&QtrName=December%202021 and the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ASIANTILES&tabIndex=equity

c). The Statement of showing the details of shares pledged, encumbrance by promoters and promoter group as on December 31, 2021 can be accessed on the website of BSE at https://www.bseindia.com/corporates/sastpledge_new.html?scripcd=532888 or on the website of NSE at https://www.nseindia.com/get-quotes/equity?symbol=ASIANTILES

d). Details of shares locked-in by promoters and promoter group is as follows:

| S.No. | Name | Category | No. of shares Lock in | Lock in Up to Date |
|---|---|---|---|---|
| 1 | Kamleshkumar Bhagubhai Patel | Promoter | 2,88,888 | July 21, 2024 |
| 2 | Kamleshkumar Bhagubhai Patel | Promoter | 9,61,112 | August 6, 2024 |
| 3 | Mukeshbhai Jivabhai Patel | Promoter | 76,000 | August 6, 2024 |
| 4 | Mukeshbhai Jivabhai Patel | Promoter | 1,04,000 | July 31, 2024 |
| 5 | Mukeshbhai Jivabhai Patel | Promoter | 3,12,000 | August 14, 2024 |
| 6 | Mukeshbhai Jivabhai Patel | Promoter | 1,33,000 | August 22, 2024 |
| 7 | Sureshbhai Jivabhai Patel | Promoter Group | 6,25,000 | July 31, 2024 |
| | **Grand Total** | | **25,00,000** | |

5. **Details of options and convertible securities outstanding as on the date of this Draft Letter of Offer**:

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

6. **Except below, there is no shares purchased by the promoters and promoters' group during last one Year:**

| Date of Acquisition / Sale | Name of the Person | Party Category | No. Of Shares Acquired / Disposed | Type of Transaction Buy / Sale | Mode of Acquisition |
|---|---|---|---|---|---|
| **(A)** | | | | | |
| March 25, 2021 | Kamleshkumar Bhagubhai Patel | Promoter | 9,61,112 | Acquisition | Allotment |
| **(B)** | | | | | |
| March 23, 2021 | Mukeshbhai Jivabhai Patel | Promoter | 1,04,000 | Acquisition | Allotment |
| March 25, 2021 | Mukeshbhai Jivabhai Patel | Promoter | 76,000 | Acquisition | Allotment |
| March 31, 2021 | Mukeshbhai Jivabhai Patel | Promoter | 3,12,000 | Acquisition | Allotment |
| April 05, 2021 | Mukeshbhai Jivabhai Patel | Promoter | 1,33,000 | Acquisition | Allotment |
| **(C)** | | | | | |
| March 23, 2021 | Sureshbhai Jivabhai Patel | Promoter Group | 6,25,000 | Acquisition | Allotment |

| | | | | | |
|---|---|---|---|---|---|
| June 03, 2021 | Sureshbhai Jivabhai Patel | Promoter Group | 2,39,000 | Acquisition | Market Purchase |
| March 15, 2022 | Sureshbhai Jivabhai Patel | Promoter Group | 8,880 | Acquisition | Off-Market acquisition from Promoter Group |
| **(D)** | | | | | |
| June 25, 2021 | Bhogibhai B. Patel | Promoter Group | 1,26,710 | Acquisition | Inheritance |
| **(E)** | | | | | |
| March 02, 2022 | Bhaveshkumar V. Patel | Promoter | 10,000 | Acquisition | Gift from Kamleshkumar Patel |
| **(F)** | | | | | |
| March 02, 2022 | Pankajbhai M. Patel | Promoter | 10,000 | Acquisition | Gift from Kamleshkumar Patel |
| **(G)** | | | | | |
| March 02, 2022 | Girishbhai N Patel | Promoter | 10,000 | Acquisition | Gift from Kamleshkumar Patel |
| **(H)** | | | | | |
| March 02, 2022 | Kanubhai Bhikhabhai Patel | Promoter | 10,000 | Acquisition | Gift from Kamleshkumar Patel |

7. **List of Shareholders holding 1% or more of the Paid-up Capital of the Company as last disclosed to the stock exchange:**

| S. No. | Name of Shareholders | No. of Equity Shares Held | % Of Paid-Up Capital |
|---|---|---|---|
| 1 | Kamleshbhai Bhagubhai Patel | 64,11,710 | 11.30% |
| 2 | Mukeshbhai Jivabhai Patel | 36,52,862 | 6.44% |
| 3 | Sureshbhai Jivabhai Patel | 31,94,499 | 5.63% |
| 4 | Carnex Vinimay Pvt Ltd | 13,60,509 | 2.40% |
| 5 | Kapashi Commercial Ltd | 12,76,879 | 2.25% |
| 6 | Salsett Vinimay Pvt Ltd | 8,27,586 | 1.46% |
| 7 | Atulkumar J Shah | 9,52,391 | 1.68% |
| 8 | Dishant Milanbhai Parikh | 13,94,987 | 2.46% |
| 9 | Hemangi Bankim Shah | 3,50,000 | 1.02% |
| | **Grand Total** | **1,94,21,423** | **34.22%** |

## OBJECTS OF THE ISSUE

**Requirement of Funds**

The proceeds from the Issue, after deducting the Issue related expenses, are estimated to be ₹ [●] lakhs (the "**Net Proceeds**").

Our Company proposes to utilize the Net Proceeds towards funding of the following objects:

1. Funding the capital expenditure for setting up of new manufacturing units under the following newly incorporated wholly owned subsidiaries of the Company:
    a. Future Ceramic Private Limited (FCPL);
    b. AGL Sanitaryware Private Limited (ASWPL);
    c. AGL Surfaces Private Limited (ASFPL);

    *(hereinafter referred to as the "**Proposed Projects**")*
2. Funding the working capital requirements of the Proposed Projects, post commencement of commercial production;
3. Funding the capital expenditure for setting up of display centre to showcase our entire range of products and capabilities;
4. General corporate purposes.

(Collectively, referred to herein as the "**Objects**")

The main objects clause of Memorandum of Association and the objects incidental and ancillary to the main objects of our Company and wholly owned subsidiaries enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

### Issue Proceeds

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

*(₹ in lakhs)*

| Particulars | Estimated amount[(1)] |
|---|---|
| Gross Proceeds from the Issue[(2)] | [●] |
| (Less) Issue related expenses | [●] |
| Net Proceeds | [●] |

[(1)]*To be finalized on determination of the Issue Price and updated in the Letter of Offer prior to filing with the SEBI and Stock Exchanges.*
[(2)]*Assuming full subscription and Allotment of the Rights Entitlement.*

### Utilization of Net Proceeds

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

(*₹ in lakhs*)

| Sr. No. | Particulars | Estimated amount[(1)] |
|---|---|---|
| 1. | Funding the capital expenditure for setting up of new manufacturing units under the following newly incorporated wholly owned subsidiaries of the Company: | |
| | Future Ceramic Private Limited (FCPL) | 17,337.27 |
| | AGL Sanitaryware Private Limited (ASWPL) | 4,525.53 |
| | AGL Surfaces Private Limited (ASFPL) | 3,216.83 |
| 2. | Funding the working capital requirements of the Proposed Projects, post commencement of commercial production | 3,940.00 |
| 3. | Funding the capital expenditure for setting up of largest display centre to showcase our entire range of products and capabilities | 3,723.32 |
| 4. | General corporate purposes[(1)] | [●] |

*[1]To be finalized on determination of the Issue Price and updated in the Letter of Offer prior to filing with the SEBI and Stock Exchanges. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds of the Issue.*

**Proposed schedule of implementation and deployment of Net Proceeds**

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

(₹ *in lakhs*)

| Sr. No. | Particulars^ | Amount to be funded from the Net Proceeds | Estimated Utilisation of Net Proceeds (Financial Year 2022-23) | Estimated Utilisation of Net Proceeds (Financial Year 2023-24) |
|---|---|---|---|---|
| 1. | Funding the capital expenditure for setting up of a new manufacturing units under the following newly incorporated wholly owned subsidiaries of the Company: | | | |
| | Future Ceramic Private Limited (FCPL) | 17,337.27 | 17,337.27 | - |
| | AGL Sanitaryware Private Limited (ASWPL) | 4,525.53 | 4,525.53 | - |
| | AGL Surfaces Private Limited (ASFPL) | 3,216.83 | 3,216.83 | - |
| 2. | Funding the working capital requirements of the Proposed Projects, post commencement of commercial production | 3,940.00 | - | 3,940.00 |
| 3. | Funding the capital expenditure for setting up of largest display centre to showcase our entire range of products and capabilities | 3,723.32 | 3,723.32 | - |
| 4. | General corporate purposes[1] | [●] | [●] | |

*^As on the date of this Draft Letter of Offer, our Company has not deployed any amount from internal accruals towards the Object of the Issue.*
*[1] To be finalized on determination of the Issue Price and updated in the Letter of Offer prior to filing with the SEBI and Stock Exchanges.*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on the current business plan, management estimates, current and valid quotations from suppliers and contractors, and other commercial and technical factors received by our Company and wholly owned subsidiaries. However, such fund requirements and deployment of funds have not been verified by the Lead Manager or appraised by any bank or financial institution. However, our wholly owned subsidiaries have obtained Project Reports dated February 21, 2022 from M/s. Khimani & Company, Chartered Accountants for the Proposed Projects of setting up new manufacturing units. Our Company and wholly owned subsidiaries may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition, negotiation with vendors, variation in cost estimates on account of factors, including changes in design or configuration of the project, incremental pre-operative expenses and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. Consequently, the fund requirements are subject to revisions in the future at the discretion of the management of our Company and wholly owned subsidiaries. In the event of any shortfall of funds for the activities proposed to be financed out of the Net Proceeds as stated above, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. Further, in case of a shortfall in the Net Proceeds or cost overruns, our management may explore a range of options including utilising our internal accruals or seeking debt financing.

In the event of the estimated utilisation of the Net Proceeds in a scheduled Fiscal being not undertaken in its entirety, the remaining Net Proceeds shall be utilised in subsequent Fiscals, as may be decided by our Company, in accordance with applicable laws. Further, if the Net Proceeds are not completely utilised for the objects during the respective periods stated above due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) timely completion of the Issue; (iv) market conditions outside the control of our Company and wholly owned subsidiaries; and (v) any other commercial considerations, the remaining Net Proceeds shall be utilised (in part or full) in subsequent periods as may be determined by our Company and wholly owned subsidiaries, in accordance with applicable laws.

**Means of finance**

Except:

- acquisition of land for all the new projects in FCPL, ASWPL, and ASFPL;
- acquisition of land for the proposed new display centre of our Company; and
- part of total working capital requirements of FCPL, ASWPL, and ASFPL,

which are proposed to be funded out of utilising internal actuals of our Company and the respective wholly owned subsidiaries, the fund requirements set out for the aforesaid objects of the Issue are proposed to be met entirely from the Net Proceeds. In view of the above, we confirm that we have made firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Rights Issue as required under Regulation 62(1)(c) of the SEBI ICDR Regulations.

**Schedule of infusion of Net Proceeds by our Company in the wholly owned subsidiaries for financing the project and working capital requirements as mentioned above:**

| Name of Company | Infusion of Net Proceeds by our Company in Fiscal 2022-23 | Infusion of Net Proceeds by our Company in Fiscal 2023-24 |
|---|---|---|
| FCPL | 17,337.27 | 1,500.00 |
| ASWPL | 4,525.53 | 1,500.00 |
| ASFPL | 3,216.83 | 940.00 |
| **Total** | **25,207.61** | **3,940.00** |

Our Company shall infuse all the funds in the abovementioned wholly owned subsidiaries through subscribing to further equity shares of those companies.

**Details of the Objects**

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

1. **Funding the capital expenditure for setting up of new manufacturing units under the following newly incorporated wholly owned subsidiaries of the Company:**

   **I. Future Ceramic Private Limited (FCPL)**

As part of our continuing endeavour to expand our product portfolio, our Company has incorporated a wholly owned subsidiary in the name of Future Ceramic Private Limited (FCPL) on February 03, 2022 to manufacture large format Glazed Vitrified Tiles (GVT) in 800x1600 mm and 800x2400 mm formats. Over the past few years, Indian Ceramic Tiles industry has evolved a lot and penetration of GVT has been increasing in the domestic market in addition to large opportunities lying in the exports market. Currently, our Company manufactures GVT at our manufacturing facility at Dalpur as well as at the manufacturing facility of our Subsidiary Company namely, Amazoone Ceramics Limited, in addition to sourcing from third party manufacturers. To further expand our manufacturing capabilities in the GVT segment to capture the vast opportunities, our Company has planned to set up a new manufacturing facility which will be operated under FCPL at Morbi, Gujarat with an installed capacity of 6.6 million square metres per annum.

**Land**

FCPL has identified the land parcels for setting up the proposed manufacturing unit, however, no payment towards the purchase of the said land parcels has been made as on the date of this Draft Letter of Offer. The proposed manufacturing facility is envisaged to be set up at Survey No. 84P1 & P2, 85P1, 85/2 P1 & 85/2 P2, near Adicon Ceramica LLP, Kandla Highway, Gala Patiya, Morbi- 363642, Gujarat. The combined area of these land parcels admeasures to 69,506 square meters. Purchase of the said land parcels is planned to be funded by the Company entirely out of internal accruals (to be infused by our Company through subscribing to further equity shares of FCPL).

Our Promoters, Promoter Group and Directors do not have any interest in the acquisition of the identified land parcels as above.

**Estimated Costs**

The total estimated cost of setting up the new manufacturing unit in FCPL is ₹ 17,437.27 lakhs. Such total cost has been estimated by the management of FCPL in accordance with its business plan, current and valid quotations received from suppliers and contractors and other commercial and technical factors approved by its Board of Directors pursuant to the board resolution dated February 28, 2022. The project report for setting up the new manufacturing unit in FCPL has been prepared by M/s. Khimani and Company, Chartered Accountants (dated

February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide certificate dated February 25, 2022. However, such total estimated cost and related fund requirements have not been appraised by any bank or financial institution. The detailed break-down of estimated cost is set forth below:

| Particulars | Estimated Costs (₹ in lakhs) | Means of Finance |
|---|---|---|
| Land | 100.00 | Internal Accruals of Asian Granito India Limited |
| Factory Building | 3,188.83 | Net Proceeds |
| Imported Plant and Machinery | 10,726.60 | Net Proceeds |
| Indigenous Plant and Machinery | 1,845.85 | Net Proceeds |
| Margin Money for Bank Guarantee | 1,576.00 | Net Proceeds |
| **Total** | **17,437.27** | |

We propose that any subsequent initial expenditure in relation to the said Project will be funded from internal accruals of our Company until the Net Proceeds are available to our Company.

**a) Civil Construction (Factory Building)**

Building and civil works mainly includes site development, construction and engineering related work including building the foundation, structure, roof, doors and windows, fixtures, drainage and sewerage system, etc. The total estimated cost for civil construction (factory building) is ₹ 3,188.83 lakhs. FCPL has received a quotation dated January 27, 2022 from M/s. Bhojani Enterprise for the construction of factory building. The detailed bifurcation of the estimated cost of factory building is as follows:

| Particulars | Estimated Costs (₹ in lakhs)* | Name of Supplier | Date of Quotation |
|---|---|---|---|
| Civil Work, Fabrication, Steel and Cement Sheets | 2,478.00 | Bhojani Enterprise | January 27, 2022 |
| PCC & RCC Flooring | 354.00 | | |
| Labour Quarters incl. light fittings, tiles, toilets, bathroom and plumbing work | 356.83 | | |
| **Total** | **3,188.83** | | |

** The above costs is inclusive of applicable taxes*

**b) Imported Plant and Machinery**

FCPL proposes to acquire imported plant and machineries at an estimated cost of about ₹ 10,726.60 lakhs. FCPL has identified the type, versions and technology of the plant and machinery to be purchased and have obtained quotations from various vendors. The detailed list of plant & machinery to be acquired by FCPL is provided below:

| Sr. No. | Name of Machinery | Qty. | Name of Suppliers | Date of Quotation | Total Cost in Foreign Currency | Total Estimated Cost (₹ in lakhs)* |
|---|---|---|---|---|---|---|
| 1 | Pressing & Fast Drying | 1 | SACMI Engineering (India) Pvt. Ltd. | January 27, 2022 | Euro 87,64,000 | 7,624.68 |
| | Firing Kiln - 300.3 M | 1 | | | | |
| | Packing & Port expenses | NA | | | | |
| 2 | Polishing Line | 1 | Keda | January 28, 2022 | USD 7,20,000 | 540.00 |
| 3 | Digital Printing Machine | 1 | System Ceramics | January 27, 2022 | Euro 4,27,000 | 371.49 |
| 4 | Ball Mill - 60T | 5 | Foshan Aosibo Ceramic Technology Co. Ltd. | January 27, 2022 | USD 4,95,000 | 371.25 |
| 5 | Glaze Line with access. | 1 | Foshan Scirise Trading Co. Ltd. | January 27, 2022 | USD 9,97,650 | 748.24 |
| | Roller Table with access. | 1 | | | | |

| Sr. No. | Name of Machinery | Qty. | Name of Suppliers | Date of Quotation | Total Cost in Foreign Currency | Total Estimated Cost (₹ in lakhs)* |
|---|---|---|---|---|---|---|
| | 3 Layer Elevator Servo | 2 | | | | |
| | 5 Layer Table | 2 | | | | |
| | Compensator | 2 | | | | |
| 6 | Nano Machine | 1 | Guangdong Nade New Material Co. Ltd. | January 27, 2022 | USD 1,89,500 | 142.13 |
| 7 | 92% Alumina Bricks | 52 Tons | Aeon International | January 28, 2022 | USD 65,000 | 48.75 |
| 8 | Chain Stove | 2 | Foshan Bettertech Machinery Co. Ltd. | January 27, 2022 | USD 1,14,000 | 85.50 |
| **Total Cost of Machinery** | | | | | | **9,932.03** |
| Add: Other Costs and Contingencies @8%^ | | | | | | 794.56 |
| **Total Cost incl. Other Costs and Contingencies** | | | | | | **10,726.60** |

**Exchange rate of 1 Euro= ₹ 87 and 1 USD= ₹ 75 have been used to convert the foreign currency cost into ₹.*
*^Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, commissioning charges, freight, insurance, entry tax, fluctuation in cost at the time of actual order incl. foreign currency fluctuations, pre-operative expenses, legal fees, professional fees to various consultants and advisors, and other applicable taxes as these can be determined only at the time of placing of orders.*

Whilst we have included other costs and contingency of 8% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, customs duty, goods and services tax (GST) (wherever applicable), labour charges for loading/unloading, fees, inspection charges, commissioning charges and other applicable taxes, however, we may be required to incur additional costs which can be determined only at the time of placing of orders or receipt of machinery. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery as set out above, FCPL has not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and the business requirements of FCPL. FCPL shall have the flexibility to deploy such machinery according to their business requirements and based on estimates of their management.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition, post installation and commissioning requirement.

Further, the Promoters, Promoter Group and Directors do not have any interest in the proposed acquisition of the machinery or in the entity from whom FCPL obtained quotations in relation to such proposed acquisition of the machinery and FCPL has confirmed that such entities do not form part of our Promoter Group.

**c) Indigenous Plant and Machinery**

FCPL proposes to acquire indigenous plant and machineries at an estimated cost of ₹ 1,845.85 lakhs. FCPL has identified the type, versions and technology of the plant and machinery to be purchased. The detailed list of plant & machinery to be acquired by FCPL is provided below:

| Sr. No. | Name of Machinery | Qty. | Name of Suppliers | Date of Quotation | Total Estimated Cost (₹ in lakhs) |
|---|---|---|---|---|---|
| 1 | Spray Dryer ATI-110 & ATI-052 | 1 | SACMI Engineering (India) Pvt. Ltd. | January 27, 2022 | 434.89 |
| 2 | Ball Mill - 8 X 10 | 4 | Delite Ceramic Machinery Equipments | January 27, 2022 | 68.44 |
| | Feeding System | 1 | | | 21.24 |
| | Agitator | 20 | | | 82.60 |

| Sr. No. | Name of Machinery | Qty. | Name of Suppliers | Date of Quotation | Total Estimated Cost (₹ in lakhs) |
|---|---|---|---|---|---|
| | Glaze Stirer with PP Tank | 20 | | | 21.24 |
| | Filter Press | 2 | | | 9.44 |
| | Hydraulic Piston Pump | 1 | | | 6.79 |
| | Slip House Feeding System | 1 | | | 53.10 |
| | Silos | 20 | | | 200.60 |
| | Conveyor System for Silos | 5 | | | 29.50 |
| 3 | Electric Cables | Various | Kohinoor Sales Corporation | January 27, 2022 | 141.91 |
| 4 | Transformers - 2500 KVA | 1 | Voltamp Transformers Ltd. | January 27, 2022 | 50.21 |
| 5 | Screw Air Compressor | 3 | Deep Pneumatics Pvt. Ltd. | January 27, 2022 | 27.73 |
| | Air Receiver | 1 | | | |
| | Air dryer | 1 | | | |
| | Filters | 2 | | | |
| 6 | DG Sets | 3 | Sudhir Power Ltd. | January 27, 2022 | 180.54 |
| 7 | APFC & PCC Panels | Various | Sigma Control System | January 28, 2022 | 293.62 |
| 8 | Weighing Hooper | 2 | Aai Shree Khodiyar Fabrication Works | January 27, 2022 | 27.14 |
| 9 | Box Strapping Machine | 6 | J Pack Engineers Pvt. Ltd. | January 27, 2022 | 24.78 |
| 10 | Lab Instruments | Various | Shiwkon Digitek Pvt. Ltd. | January 28, 2022 | 84.18 |
| **Total Cost of Machinery** | | | | | **1,757.95** |
| Add: Other Costs and Contingencies @5%^ | | | | | 87.90 |
| **Total Cost incl. Other Costs and Contingencies** | | | | | **1,845.85** |

*^Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, commissioning charges, freight, insurance, entry tax, fluctuation in cost at the time of actual order, legal fees, professional fees to various consultants and advisors, and other applicable taxes as these can be determined only at the time of placing of orders.*

Whilst we have included other costs and contingencies of 5% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, customs duty, goods and services tax (GST) (wherever applicable), labour charges for loading/unloading, fees, inspection charges, commissioning charges and other applicable taxes, however, we may be required to incur additional costs which can be determined only at the time of placing of orders or receipt of machinery. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery as set out above, FCPL has not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and the business requirements of FCPL. FCPL shall have the flexibility to deploy such machinery according to their business requirements and based on estimates of their management.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition, post installation and commissioning requirement.

Further, the Promoters, Promoter Group and Directors do not have any interest in the proposed acquisition of the machinery or in the entity from whom FCPL obtained quotations in relation to such proposed acquisition of the machinery and FCPL has confirmed that such entities do not form part of our Promoter Group.

**d) Margin Money for Bank Guarantees**

FCPL would be required to provide margin money for obtaining bank guarantees in the favour of various suppliers and authorities to avail services and benefits. In aggregate, FCPL would be required to provide margin money of ₹ 1,576.00 lakhs in the form of fixed deposits, to obtain the aforementioned Bank Guarantees, further details of which are given below:

| Particulars | Unit | Total Requirement | Amount (₹ in lakhs) |
|---|---|---|---|
| Bank Guarantee in the favour of Gujarat Gas Ltd. | SCM | 40,000 | 900.00 |
| Bank Guarantee in the favour of PGVCL | KVA | 4,000 | 200.00 |
| Bank Guarantee in the favour of Customs Department for obtaining EPCG License | Total Import Amount (₹) | 100,00,00,000 | 476.00 |
| **Total** | | | **1,576.00** |

**e) Infrastructure facilities and utilities**

**Water**

New manufacturing facility in FCPL is estimated to require 3,50,000 KL of water per annum for manufacturing process and 1,50,000 KL of water per annum for consumption of labours and employees. The location of the project houses more than sufficient reserves of ground water available through wells and bores. Adequate arrangements of water storage through constructing water tanks have been planned in the construction activity.

**Gas**

New manufacturing facility in FCPL is estimated to require 40,000 Square Cubic Metre (SCM) of natural gas per day.

**Power**

Total power requirement for the facility is estimated to be at 4000 KVA. FCPL will apply for the power connection with Paschim Gujarat Vij Co. Ltd (PGVCL) in May 2022. The quotation of Transformer required to be installed at the factory site has been received. We expect the power connection to be operational by the end of October 2022.

**Government and Other Approvals**

FCPL would be required to obtain various approvals, from governmental departments and local authorities, as provided in the table below as per the project report prepared by M/s. Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide certificate dated February 25, 2022.

| Various Legal Aspects | Authority | Stage at which shall be obtained | Status |
|---|---|---|---|
| Conversion of land into non-agricultural (NA) land | District Collector | Before commencement of commercial construction | In process |
| Approval of the Building Plan for the proposed unit | Gram Panchayat | Before commencement of construction of building | To be obtained after conversion of land into NA |
| Consent to Establish (CTE) | GPCB | Before commencement of construction of building | To be obtained |
| Fire NOC | State Fire Department | Before commencement of commercial production | To be obtained |
| Consolidated Consent to Operate (CCO) | GPCB | Before commencement of commercial production | To be obtained |
| Factories Act License | Directorate of Industrial Safety and Health, Gujarat State | Before commencement of commercial production | To be obtained |
| Electricity Board License | PGVCL | Routine Approval | To be obtained |
| Groundwater Usage Approval | CGWA | Before commencement of commercial production | To be obtained |
| Udhyog Aadhar | Ministry of Micro, Small and Medium Enterprises | Routine Approval | To be obtained |
| Registration for GST | GST Authority | Routine Approval | To be obtained |

Our Company and FCPL undertake to file necessary applications with the relevant authorities for obtaining all the above mentioned approvals as applicable, at the relevant stages. In the event of any unanticipated delay in receipt of such approvals, the proposed schedule implementation may be extended and our Company will take necessary measures in compliance with applicable laws.

**f) Proposed Schedule of Implementation**

The proposed schedule of implementation as per the project report prepared by M/s. Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide certificate dated February 25, 2022:

| Particulars | Expected Date of Commencement | Expected Date of Completion |
|---|---|---|
| Acquisition of Land | Land is ready for acquisition. Conversion into non-agricultural is expected to be completed by April 2022 | April 2022 |
| Development of land | Already Developed | NA |
| Civil works for Factory Building | April/May 2022 | October/November 2022 |
| Civil works for Machinery Foundation | April/May 2022 | October/November 2022 |
| Purchase of Plant and Machinery-Imported | Order expected to be placed in April/May 2022 | December 2022/January 2023 |
| Purchase of Plant and Machinery-Indigenous | Order expected to be placed in April/May 2022 | December 2022/January 2023 |
| Power Connection | To be applied in May 2022 | By end of October 2022 |
| Arrangement for water | Borewell to be dug by July 2022 | By end of July 2022 |
| Erection of equipment | December 2022 /January 2023 | By end of December 2022 /January 2023 |
| Commissioning | December 2022 /January 2023 | By end of December 2022 /January 2023 |
| Initial procurement of Materials | January /February 2023 | By end of January /February 2023 |
| Trial Runs | End of March 2023 | End of March 2023 |
| Commencement of Commercial Production | First week of April 2023 | First week of April 2023 |

**II. AGL Sanitaryware Private Limited (ASWPL)**

Currently, our Company deals in a range of sanitaryware products including one-piece water closets, wall hung, urinals, basins, taps, basin mixers, diverters, showers, cocks, spouts and allied accessories. All these products are currently being manufactured through/outsourced to third party manufacturers as well as imported from outside India, which are ultimately sold by us under our own brand. However, to further strengthen our sanitaryware segment amid growing demand, our Company has planned to establish an in-house manufacturing unit for a range of sanitaryware products. Our Company has incorporated a wholly owned subsidiary in the name of AGL Sanitaryware Private Limited on February 07, 2022 which will house the sanitaryware business of our Company. The manufacturing facility is proposed to be set up at Morbi, Gujarat with an installed capacity of 0.66 million pieces of sanitaryware products per annum.

**Land**

ASWPL has identified the land parcels for setting up the proposed manufacturing unit, however, no payment towards the purchase of the said land parcels has been made as on the date of this Draft Letter of Offer. The proposed manufacturing facility is envisaged to be set up at Survey No. 153 P1 & P2, Bahadurgarh, Kandla Highway, Gala Patiya, Morbi- 363642, Gujarat. The combined area of these land parcels admeasures to 45,122 square meters. Purchase of the said land parcels is planned to be funded by the Company entirely out of internal accruals (to be infused by our Company through subscribing to further equity shares of ASWPL).

Our Promoters, Promoter Group and Directors do not have any interest in the acquisition of the identified land parcels as above.

**Estimated Costs**

The total estimated cost of setting up new manufacturing unit in ASWPL is ₹ 4,875.53 lakhs. Such total cost has been estimated by the management of ASWPL in accordance with its business plan, current and valid quotations received from suppliers and contractors and other commercial and technical factors approved by its Board of Directors pursuant to the board resolution dated February 28, 2022. The project report for the new manufacturing unit in ASWPL has been prepared by M/s. Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide his certificate dated February 25, 2022. However, such total estimated cost and related fund requirements have not been appraised by any bank or financial institution. The detailed break-down of estimated cost is set forth below:

| Particulars | Estimated Costs (₹ in lakhs) | Means of Finance |
|---|---|---|
| Land | 350.00 | Internal Accruals of Asian Granito India Limited |
| Factory Building | 2,033.73 | Net Proceeds |
| Indigenous Plant and Machinery | 2,341.80 | Net Proceeds |
| Margin for Bank Guarantee | 150.00 | Net Proceeds |
| **Total** | **4,875.53** | |

We propose that any subsequent initial expenditure in relation to the said Project will be funded from our internal accruals until the Net Proceeds are available to our Company.

**a) Civil Construction (Factory Building)**

Building and civil works mainly includes site development and construction and engineering related work including building the foundation, structure, roof, doors and windows, fixtures, drainage and sewerage system, etc. The total estimated cost for civil construction (factory building) is ₹ 2,033.73 lakhs. ASWPL has received a quotation dated January 27, 2022 from M/s. Bhojani Enterprise for the construction of civil structure. The detailed bifurcation of the estimated cost of civil construction (building) is as follows:

| Particulars | Estimated Costs (₹ in lakhs)* | Name of Supplier | Date of Quotation |
|---|---|---|---|
| Civil Work, Fabrication, Steel and Cement Sheets and Boundary Wall | 1,433.70 | Bhojani Enterprise | January 27, 2022 |
| PCC & RCC Flooring | 265.50 | | |
| Labour Quarters incl. light fittings, tiles, toilets, bathroom and plumbing work | 334.53 | | |
| **Total** | **2,033.73** | | |

** The above costs is inclusive of applicable taxes*

**b) Plant and Machinery**

ASWPL proposes to acquire indigenous plant and machineries at an estimated cost of ₹ 2,341.80 lakhs. ASWPL identified the type, versions and technology of the plant and machinery to be purchased for the proposed manufacturing unit. The detailed list of plant & machinery to be acquired by ASWPL is provided below:

| Sr. No. | Name of Machinery | Nos. | Name of Suppliers | Date of Quotation | Total Estimated Cost |
|---|---|---|---|---|---|
| 1 | Kiln Dryer with accessories | Various | Payal Kilns Technology | January 24, 2022 | 1,085.60 |
| 2 | Transformer-800 kva | 1 | Voltamp Transformers Ltd. | January 27, 2022 | 26.85 |
| 3 | DG Sets - 500 kva | 1 | Sudhir Power Ltd. | January 27, 2022 | 34.10 |
| 4 | Air Compressor | 3 | Deep Pneumatics Pvt. Ltd. | January 27, 2022 | 27.73 |
| | Vertical Air Receiver | 1 | | | |
| | Air Dryer | 1 | | | |
| | Filters | 2 | | | |

| Sr. No. | Name of Machinery | Nos. | Name of Suppliers | Date of Quotation | Total Estimated Cost |
|---|---|---|---|---|---|
| 5 | Electric Cables | Various | Kohinoor Sales Corporation | January 27, 2022 | 94.86 |
| 6 | Ball Mill - 20 Tons | 2 | Delite Ceramic Machinery Equipment | January 21, 2022 | 295.47 |
| | Feeding System | 1 | | | |
| | Agitator | 6 | | | |
| | Glaze Ball Mill | 3 | | | |
| | Spray Booth | 15 | | | |
| 7 | Pallet Stretch Wrapping Machine | 1 | J Pack Engineers Pvt. Ltd. | January 27, 2022 | 18.41 |
| | Box Strapping Machine | 5 | | | |
| 8 | Electric Panel - 3500 kva | 25 | Sigma Control System | January 28, 2022 | 241.19 |
| 9 | Lab Instruments | Various | Shiwkon Digitek Pvt. Ltd. | January 28, 2022 | 84.18 |
| 16 | Steel | Various | Shivshakti Marketing | January 28, 2022 | 321.90 |
| **Total Cost of Machinery** | | | | | **2,230.28** |
| Add: Other Costs and Contingencies @5%^ | | | | | 111.51 |
| **Total Cost incl. Other Costs and Contingencies** | | | | | **2,341.80** |

*^Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, commissioning charges, freight, insurance, entry tax, fluctuation in cost at the time of actual order, legal fees, professional fees to various consultants and advisors, and other applicable taxes as these can be determined only at the time of placing of orders.*

Whilst we have included other costs and contingencies of 5% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, customs duty, goods and services tax (GST) (wherever applicable), labour charges for loading/unloading, fees, inspection charges, commissioning charges and other applicable taxes, however, we may be required to incur additional costs which can be determined only at the time of placing of orders or receipt of machinery. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery as set out above, ASWPL has not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and the business requirements of ASWPL. ASWPL shall have the flexibility to deploy such machinery according to their business requirements and based on estimates of their management.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition, post installation and commissioning requirement.

Further, the Promoters, Promoter Group and Directors do not have any interest in the proposed acquisition of the machinery or in the entity from whom ASWPL obtained quotations in relation to such proposed acquisition of the machinery and ASWPL has confirmed that such entities do not form part of our Promoter Group.

**c) Margin Money for Bank Guarantees**

ASWPL would be required to provide margin money for obtaining bank guarantees in the favour of various suppliers and authorities to avail services and benefits. In aggregate, ASWPL would be required to provide margin money of ₹ 150.00 lakhs in the form of fixed deposits, to obtain the aforementioned Bank Guarantees, further details of which are given below:

| Particulars | Unit | Connection/Total Requirement | Amount (₹ in lakhs) |
|---|---|---|---|
| Bank Guarantee in the favour of Gujarat Gas Ltd. | SCM | 4,500 | 100.00 |
| Bank Guarantee in the favour of PGVCL | KVA | 1,000 | 50.00 |
| **Total** | | | **150.00** |

#### d) Infrastructure facilities and utilities

**Water:**

New manufacturing facility in ASWPL is estimated to require 1,00,000 KL per annum for Fire Hydrant, 50,000 KL per annum for Humidification Plant and 50,000 KL per annum for consumption of labours and employees. The location of the project houses more than sufficient reserves of ground water available through borewell. Adequate arrangements of water storage through constructing water tanks have been planned in the construction activity.

**Gas**

New manufacturing facility in ASWPL is estimated to require 40,000 Square Cubic Metre (SCM) of natural gas per day.

**Power**

Total power requirement for the unit is estimated to be at 1,000 KVA. ASWPL will apply for the power connection with Paschim Gujarat Vij Co. Ltd (PGVCL) in May 2022. The quotation of Transformer required to be installed at the Factory site has been received. We expect the power connection to be operational by the end of October 2022.

**Government and other Approvals**

ASWPL would be required to obtain various approvals, from governmental departments and local authorities, as provided in the table below as per the project report prepared by Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide certificate dated February 25, 2022.

| Various Legal Aspects | Authority | Stage at which shall be obtained | Status |
|---|---|---|---|
| Conversion of land into Non-agricultural (NA) land | District Collector | Before commencement of commercial construction | In process |
| Approval of the Building Plan for the proposed unit | Gram Panchayat | Before commencement of construction of building | To be obtained after conversion of land into NA |
| Consent to Establish (CTE) | GPCB | Before commencement of construction of building | To be obtained |
| Fire NOC | State Fire Department | Before commencement of commercial production | To be obtained |
| Consolidated Consent to Operate (CCO) | GPCB | Before commencement of commercial production | To be obtained |
| Factories Act License | Directorate of Industrial Safety and Health, Gujarat State | Before commencement of commercial production | To be obtained |
| Electricity Board License | PGVCL | Routine Approval | To be obtained |
| Groundwater Usage Approval | CGWA | Before commencement of commercial production | To be obtained |
| Udhyog Aadhar | Ministry of Micro, Small and Medium Enterprises | Routine Approval | To be obtained |
| Registration for GST | GST Authority | Routine Approval | To be obtained |

Our Company and ASWPL undertake to file necessary applications with the relevant authorities for obtaining all above mentioned approvals as applicable, at the relevant stages. In the event of any unanticipated delay in receipt of such approvals, the proposed schedule implementation may be extended and our Company will take necessary measures in compliance with applicable laws.

#### e) Proposed Schedule of Implementation

The proposed schedule of implementation as per the project report prepared by Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide certificate dated February 25, 2022:

| Particulars | Expected Date of Commencement | Expected Date of Completion |
|---|---|---|
| Acquisition of Land | Land is ready for acquisition. Conversion into Non-agricultural is expected to be completed by April 2022 | April 2022 |
| Development of land | Already Developed | NA |
| Civil works for Factory Building | April/May 2022 | October/November 2022 |
| Civil works for Machinery Foundation | April/May 2022 | October/November 2022 |
| Purchase of Plant and Machinery-Indigenous | Order expected to be placed in April/May 2022 | December 2022/January 2023 |
| Power Connection | To be applied in May 2022 | By end of October 2022 |
| Arrangement for water | Borewell to be dug by July 2022 | By end of July 2022 |
| Erection of equipment | December 2022 /January 2023 | By end of December 2022 /January 2023 |
| Commissioning | December 2022 /January 2023 | By end of December 2022 /January 2023 |
| Initial procurement of Materials | January /February 2023 | By end of January /February 2023 |
| Trial Runs | End of March 2023 | End of March 2023 |
| Commencement of Commercial Production | First week of April 2023 | First week of April 2023 |

**III. AGL Surfaces Private Limited (ASFPL)**

As part of our strategy to expand our product portfolio and expand our presence in high growth oriented export markets, our Company has incorporated a wholly owned subsidiary in the name of ASFPL on January 12, 2022 to manufacture Stone Plastic Composite (SPC) flooring. The manufacturing facility is proposed to be set up at Morbi, Gujarat with an installed capacity of 2.97 million square metres per annum.

**Land**

ASFPL has identified the land parcels for setting up the proposed manufacturing unit, however, no payment towards the purchase of the said land parcels has been made as on the date of this Draft Letter of Offer. The proposed manufacturing facility is envisaged to be set up at Survey No. 64P2 & P1, 64P1 & P2, Gala Patiya, Kandla Highway, Morbi- 363642, Gujarat. The combined area of these land parcels admeasures to 18,715 square meters. Purchase of the said land parcels is planned to be funded by the Company entirely out of internal accruals (to be infused by our Company through subscribing to further equity shares of ASFPL).

Our Promoters, Promoter Group and Directors do not have any interest in the acquisition of the identified land parcels as above.

**Estimated Costs**

The total estimated cost of setting up new manufacturing facility in ASFPL is ₹ 3,436.83 lakhs. Such total cost has been estimated by the management of ASFPL in accordance with its business plan, current and valid quotations received from suppliers and contractors and other commercial and technical factors approved by its Board of Directors pursuant to the board resolution dated February 28, 2022. The project report for the new manufacturing facility in ASFPL has been prepared by M/s. Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide his certificate dated February 25, 2022. However, such total estimated cost and related fund requirements have not been appraised by any bank or financial institution. The detailed break-down of estimated cost is set forth below:

| Particulars | Estimated Costs (₹ in lakhs) | Means of Finance |
|---|---|---|
| Land | 220.00 | Internal Accruals of Asian Granito India Limited |
| Factory Building | 542.80 | Net Proceeds |
| Imported Plant and Machinery | 1,693.32 | Net Proceeds |
| Indigenous Plant and Machinery | 869.55 | Net Proceeds |
| Margin Money for Bank Guarantee | 111.16 | Net Proceeds |
| **Total** | **3,436.83** | |

We propose that any subsequent initial expenditure in relation to the said Project will be funded from our internal accruals until the Net Proceeds are available to our Company.

**a) Civil Construction (Factory Building)**

Building and civil works mainly includes site development, construction and engineering related work including building the foundation, structure, roof, doors and windows, fixtures, drainage and sewerage system, etc. The total estimated cost for civil construction (factory building) is ₹ 542.80 lakhs. ASFPL has received a quotation dated January 27, 2022 from M/s. Bhojani Enterprise for the construction of factory building. The detailed bifurcation of the estimated cost of factory building is as follows:

| Particulars | Estimated Costs (₹ in lakhs) | Name of Supplier | Date of Quotation |
|---|---|---|---|
| Civil Work, Fabrication, Steel and Cement Sheets | 472.00 | Bhojani Enterprise | January 27, 2022 |
| Labour Quarters incl. light fittings, tiles, toilets, bathroom and plumbing work | 70.80 | | |
| **Total** | **542.80** | | |

** The above costs is inclusive of applicable taxes*

**b) Imported Plant and Machinery**

ASFPL proposes to acquire imported plant and machineries at an estimated cost of about ₹ 1,693.32 lakhs. ASFPL has identified the type, versions and technology of the plant and machinery to be purchased for the proposed manufacturing unit and have obtained quotations from various vendors. The detailed list of plant & machinery to be acquired by ASFPL is provided below:

| Sr. No. | Name of Machinery | Qty. | Name of Suppliers | Date of Quotation | Total Cost in Foreign Currency | Total Estimated Cost (₹ in lakhs)* |
|---|---|---|---|---|---|---|
| 1 | Mixing syatem | 3 | Jiagnsu Kingshine Plastic machine Co. Ltd. | November 22, 2021 | USD 1,98,000 | 148.50 |
| | Automatic chemicals dosing | 1 | | | USD 22,000 | 16.50 |
| | Crusher and Miller | 1 | | | USD 35,000 | 26.25 |
| | Extrusion Line | 3 | | | USD 6,60,000 | 495.00 |
| | Online EIR system | 1 | | | USD 70,000 | 52.50 |
| | UV coating machine | 1 | | | USD 73,000 | 54.75 |
| | Multi rip saw cutter | 1 | | | USD 63,000 | 47.25 |
| | Ash brushing & plank turnover | 1 | | | USD 22,000 | 16.50 |
| | Click waste milling machine | 1 | | | USD 6,000 | 4.50 |
| | V-shape Groove Painting | | | | USD 63,000 | 47.25 |
| | Cushion pad laminating line | 1 | | | USD 63,000 | 47.25 |
| | Lab testing Equipments | 1 | | | USD 30,500 | 22.88 |
| | Spare parts | 1 | | | USD 1,26,840 | 95.13 |
| 2 | Profiling machine | 1 | Homag India Pvt Ltd. (High Seas) | December 02, 2021 | Euro 5,67,396 | 493.63 |
| **Total Cost of Machinery** | | | | | | **1,567.89** |
| Add: Other Costs and Contingencies @8%^ | | | | | - | 125.43 |
| **Total Cost incl. Other Costs and Contingencies** | | | | | | **1,693.32** |

**Exchange rate of 1 Euro= ₹ 87 and 1 USD= ₹ 75 have been used to convert the foreign currency cost into ₹*
*^Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, commissioning charges, freight, insurance, entry tax, fluctuation in cost at the time of actual order incl. foreign currency fluctuations, pre-operative expenses, legal fees, professional fees to various*

*consultants and advisors, and other applicable taxes as these can be determined only at the time of placing of orders.*

Whilst we have included other costs and contingencies of 8% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, customs duty, goods and services tax (GST) (wherever applicable), labour charges for loading/unloading, fees, inspection charges, commissioning charges and other applicable taxes, however, we may be required to incur additional costs which can be determined only at the time of placing of orders or receipt of machinery. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery as set out above, ASFPL has not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and the business requirements of ASFPL. ASFPL shall have the flexibility to deploy such machinery according to their business requirements and based on estimates of their management.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition, post installation and commissioning requirement.

Further, the Promoters, Promoter Group and Directors do not have any interest in the proposed acquisition of the machinery or in the entity from whom ASFPL obtained quotations in relation to such proposed acquisition of the machinery and ASFPL has confirmed that such entities do not form part of our Promoter Group.

**c) Indigenous Plant and Machinery**

ASFPL proposes to acquire indigenous plant and machineries at an estimated cost of ₹ 869.55 lakhs. ASFPL has identified the type, versions and technology of the plant and machinery to be purchased for the proposed manufacturing unit. The detailed list of plant & machinery to be acquired by our Company is provided below:

| Sr. No. | Name of Machinery | Qty. | Name of Suppliers | Date of Quotation | Total Estimated Cost (₹ in lakhs) |
|---|---|---|---|---|---|
| 1 | Electric Cables | Various | Kohinnor Sales Corporation | January 27, 2022 | 70.69 |
| 2 | Panels | 25 | Sigma Control System | January 28, 2022 | 126.79 |
| 3 | DG Sets - 500 KVA | 1 | Sudhir Power Ltd. | January 27, 2022 | 34.10 |
| 4 | DG Sets - 1010 KVA | 3 | Sudhir Power Ltd. | January 27, 2022 | 180.54 |
| 5 | Air compressor | 3 | Deep Pneumatics Pvt. Ltd. | January 27, 2022 | 27.73 |
| | Air Receiver | 1 | | | |
| | Dryer | 1 | | | |
| | Air Tank | 1 | | | |
| 6 | Wrapping Machine | 1 | J Pack Engineers Pvt. Ltd. | January 27, 2022 | 3.66 |
| | Strapping Machine | 3 | | | 8.85 |
| 7 | Lab Equipments | Various | Shiwkon Digitek Pvt. Ltd. | January 28, 2022 | 84.18 |
| 8 | Steel | Various | Shivshakti Marketing | January 28, 2022 | 251.60 |
| 8 | Misc. Machinery Parts | Various | Local Suppliers | NA | 40.00 |
| **Total Cost of Machinery** | | | | | **828.14** |
| Add: Other Costs and Contingencies @5%^ | | | | | 41.41 |
| **Total Cost incl. Contingencies and Other Costs** | | | | | **869.55** |

*^Considered to account for other miscellaneous expenditure such as, labour charges for loading/unloading, inspection charges, commissioning charges, freight, insurance, entry tax, fluctuation in cost at the time of actual order, legal fees, professional fees to various consultants and advisors, and other applicable taxes as these can be determined only at the time of placing of orders.*

Whilst we have included other costs and contingency provision of 5% of the total machinery cost to account for other miscellaneous expenditure such as, freight, insurance, customs duty, goods and services tax (GST) (wherever applicable), labour charges for loading/unloading, fees, inspection charges, commissioning charges and other applicable taxes, however, we may be required to incur additional costs which can be determined only at the time of placing of orders or receipt of machinery. Such additional costs shall be funded from the Net Proceeds proposed to be utilised towards the purchase of machinery or through internal accruals, if required.

In relation to the purchase of machinery as set out above, ASFPL has not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machinery or at the same costs. The quantity of machinery to be purchased will be based on management estimates and the business requirements of ASFPL. ASFPL shall have the flexibility to deploy such machinery according to their business requirements and based on estimates of their management.

No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units of machinery mentioned above is proposed to be acquired in a ready-to-use condition, post installation and commissioning requirement.

Further, the Promoters, Promoter Group and Directors do not have any interest in the proposed acquisition of the machinery or in the entity from whom ASFPL obtained quotations in relation to such proposed acquisition of the machinery and ASFPL has confirmed that such entities do not form part of our Promoter Group.

**d) Margin Money for Bank Guarantees**

ASFPL would be required to provide margin money for obtaining bank guarantees in the favour of various suppliers and authorities to avail services and benefits. In aggregate, ASFPL would be required to provide margin of ₹ 111.16 lakhs to obtain the aforementioned Bank Guarantees, further details of which are given below:

| Particulars | Unit | Connection/Total Requirement | Amount (₹ in lakhs) |
|---|---|---|---|
| Security Deposit in the favour of PGVCL* | KVA | 500 | 35.00 |
| Bank Guarantee in the favour of Customs Department for obtaining EPCG License | Total Import Amount (₹) | 16,00,00,000 | 76.16 |
| **Total** | | | **111.16** |

**In case of connections for less than 1,000 KVA, security deposit instead of bank guarantee is required to be submitted to PGVCL*

**e) Infrastructure facilities and utilities**

**Water:**

For the production process, there is no requirement of water. For the drinking water ASFPL would apply to the Gujarat Water and Sewage Board.

**Power**

Total power requirement for the unit is estimated to be at 500 KVA. ASFPL will apply for the power connection with Paschim Gujarat Vij Co. Ltd (PGVCL) in May 2022. The quotation of Transformer required to be installed at the Factory site has been received. We expect the power connection to be operational by the end of October 2022.

**Government and other Approvals**

ASFPL would be required to obtain various approvals, from governmental departments and local authorities, as provided in the table below as per the project report prepared by Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide certificate dated February 25, 2022.

| Various Legal Aspects | Authority | Stage at which shall be obtained | Status |
|---|---|---|---|
| Conversion of land into Non-agricultural (NA) land | District Collector | Before commencement of commercial construction | In process |
| Approval of the Building Plan for the proposed unit | Gram Panchayat | Before commencement of construction of building | To be obtained after conversion of land into NA |
| Consent to Establish (CTE) | GPCB | Before commencement of construction of building | To be obtained |
| Fire NOC | State Fire Department | Before commencement of commercial production | To be obtained |

| Various Legal Aspects | Authority | Stage at which shall be obtained | Status |
|---|---|---|---|
| Consolidated Consent to Operate (CCO) | GPCB | Before commencement of commercial production | To be obtained |
| Factories Act License | Directorate of Industrial Safety and Health, Gujarat State | Before commencement of commercial production | To be obtained |
| Electricity Board License | PGVCL | Routine Approval | To be obtained |
| Groundwater Usage Approval | CGWA | Before commencement of commercial production | To be obtained |
| Udhyog Aadhar | Ministry of Micro, Small and Medium Enterprises | Before commencement of commercial production | To be obtained |
| Registration for GST | GST Authority | Routine Approval | To be obtained |

Our Company and ASFPL undertake to file necessary applications with the relevant authorities for obtaining all above mentioned approvals as applicable, at the relevant stages. In the event of any unanticipated delay in receipt of such approvals, the proposed schedule implementation may be extended and our Company will take necessary measures in compliance with applicable laws.

**f) Proposed Schedule of Implementation**

The proposed schedule of implementation as per the project report prepared by Khimani and Company, Chartered Accountants (dated February 21, 2022) and the same has been certified by Chartered Engineer Mr. Mukesh M. Shah (Membership No. M-0231074) vide certificate dated February 25, 2022:

| Particulars | Expected Date of Commencement | Expected Date of Completion |
|---|---|---|
| Acquisition of Land | Land is ready for acquisition. Conversion into Non-agricultural is expected to be completed by April 2022 | April 2022 |
| Development of land | Already Developed | NA |
| Civil works for Factory Building | April/May 2022 | October/November 2022 |
| Civil works for Machinery Foundation | April/May 2022 | October/November 2022 |
| Purchase of Plant and Machinery-Imported | Order expected to be placed in April/May 2022 | December 2022/January 2023 |
| Purchase of Plant and Machinery-Indigenous | Order expected to be placed in April/May 2022 | December 2022/January 2023 |
| Power Connection | To be applied in May 2022 | By end of October 2022 |
| Arrangement for water | Borewell to be dug by July 2022 | By end of July 2022 |
| Erection of equipment | December 2022 /January 2023 | By end of December 2022 /January 2023 |
| Commissioning | December 2022 /January 2023 | By end of December 2022 /January 2023 |
| Initial procurement of Materials | January /February 2023 | By end of January /February 2023 |
| Trial Runs | End of March 2023 | End of March 2023 |
| Commencement of Commercial Production | First week of April 2023 | First week of April 2023 |

**2. Funding the working capital requirements of the Proposed Projects, post commencement of commercial production**

Post commencement of commercial operations, our wholly owned subsidiaries viz. FCPL, ASWPL and ASFPL would require working capital to run their day to day operations. The said requirement of working capital is proposed to be met through utilisation of net proceeds of this Issue and internal accruals generated by our wholly owned subsidiaries post commencement of commercial operations. The commercial operations in all the three wholly owned subsidiaries are proposed to be commenced in the financial year 2023-24.

Our Company proposes to utilise aggregate net proceeds of ₹ 3,940.00 lakhs towards working capital requirements of FCPL, ASWPL and ASFPL. Our Company would infuse the said amount of working capital in the wholly owned subsidiaries through subscribing to the new equity shares.

**Basis of estimation of working capital requirement**

On the basis of Project Reports dated February 21, 2022, submitted by M/s Khimani and Company, Chartered Accountants for the Proposed Projects, the projected working capital requirements in the first year of commencement of commercial operations i.e. Financial Year 2023-24, for all the three companies, are stated as below:

| Particulars | FCPL (Estimated) | ASWPL (Estimated) | ASFPL (Estimated) |
|---|---|---|---|
| **Financial Year** | **2023-24** | **2023-24** | **2023-24** |
| **Current Assets** | | | |
| Inventories | | | |
| -Raw materials | 1,113.14 | 348.10 | 1,074.33 |
| -Work-in-Progress | 143.39 | 47.72 | 94.05 |
| -Finished Goods | 803.93 | 426.70 | 552.63 |
| -Others | 12.37 | 11.23 | 2.75 |
| | | | |
| Trade Receivables | 3,192.65 | 1,015.23 | 1,512.31 |
| Cash and Bank Balance | 571.53 | 1,015.80 | 82.51 |
| Loans and Other Financial Assets | 200.00 | 200.00 | 200.00 |
| Other Current Assets | 200.00 | 200.00 | 200.00 |
| **Total (A)** | **6,237.01** | **3,264.78** | **3,718.58** |
| | | | |
| **Current Liabilities** | | | |
| Trade Payables | 2,815.68 | 832.49 | 1,331.17 |
| Other Current Liabilities and short term provisions | 125.00 | 125.00 | 125.00 |
| **Total (B)** | **2,940.68** | **957.49** | **1,456.17** |
| | | | |
| **Total Working Capital (A)-(B)** | **3,296.33** | **2,307.29** | **2,262.41** |
| | | | |
| **Funding Pattern** | | | |
| Internal accruals | 1,796.33 | 807.29 | 1,322.41 |
| **Net Proceeds (Infusion by our Company)** | **1,500.00** | **1,500.00** | **940.00** |

**Assumption for working capital requirements**

Assumptions for Holding Levels*

*(In days)*

| Particulars | Holding Level for FCPL | Holding Level for ASWPL | Holding Level for ASFPL |
|---|---|---|---|
| **Financial Year** | **2023-24** | **2023-24** | **2023-24** |
| ***Current Assets*** | | | |
| Raw materials | 15 | 25 | 25 |
| Work-in-Progress | 5 | 5 | 5 |
| Finished Goods | 25 | 30 | 25 |
| Other inventories | 10 | 15 | 5 |
| Trade Receivables | 90 | 60 | 60 |
| | | | |
| ***Current Liabilities*** | | | |
| Trade Payables | 90 | 60 | 60 |

***Justification for "Holding Period" levels***

**The justifications for the holding levels mentioned in the table above are provided below:**

| | |
|---|---|
| **Inventories** | Raw Material: FCPL, ASWPL and ASFPL have assumed raw material inventory period of 15 days, 25 days and 25 days respectively for the Financial Year 2023-24 i.e. in the first year of commencement of commercial operations. Given the proximity of all the units to the source of major raw materials, all the subsidiaries have assumed lower holding period of raw |

| | |
|---|---|
| | materials inventories. |
| | Work in Progress: FCPL, ASWPL and ASFPL have assumed WIP inventory period of 5 days for the Financial Year 2023-24 i.e. in the first year of commencement of commercial operations |
| | Finished Goods: FCPL, ASWPL and ASFPL have assumed finished goods inventory period of 15 days, 25 days and 25 days respectively for the Financial Year 2023-24 i.e. in the first year of commencement of commercial operations. Being the first year of operations, all the three companies have assumed lower holding period for finished goods inventories. |
| **Trade Receivables** | Being the first year of operations, FCPL, ASWPL and ASFPL have assumed to provide credit period of 90 days, 60 days and 60 days respectively to their debtors for the Financial Year 2023-24 |
| **Trade Payables** | Being the first year of operations, FCPL, ASWPL and ASFPL have assumed to avail credit period of 90 days, 60 days and 60 days respectively from their creditors for the Financial Year 2023-24 |
| **Capacity Utilisation** | FCPL, ASWPL and ASFPL have estimated capacity utilisation of 45%, 60% and 45% respectively in the Financial Year 2023-24. The commercial production is expected to commence in the first week of April 2023 for all the three companies. |

Our Company proposes to utilize ₹ 3,940.00 lakhs of the Net Proceeds in the financial year 2023-24 towards the working capital requirements of our wholly owned subsidiaries as mentioned above. The aforementioned proceeds would be infused in the respective wholly owned subsidiaries through subscribing to further equity shares of those wholly owned subsidiaries.

The balance portion of their working capital requirements for the financial year 2023-24 will be arranged from the internal accruals generated by those subsidiaries post commencement of commercial operations.

The working capital projections for the financial year 2023-24 are as approved by the Board of Directors of respective wholly owned subsidiaries pursuant to their resolutions dated February 28, 2022.

3. **Funding the capital expenditure for setting up of display centre to showcase our entire range of products and capabilities**

On time to time, our Company envisages to expand our retail footprint and brand recognition through various mediums and methods to expand our operations and product reach in the domestic and export markets. This includes expanding our distributors and dealers network, opening up of exclusive dealer and franchise outlets, opening up of company owned exhibition and display centers, among others.

Therefore, to expand our portfolio of company owned display centers to showcase our range of product mix and capabilities, enhance brand recognition, attract export customers and facilitate unique customer experience, our Company has planned to open up a large display centre called "AGL Ceramic World", further details of which are given below:

| Particulars | Unit |
|---|---|
| Location of the Display Centre | Morbi, Gujarat |
| Aggregate Built up area of the Display Centre (all five floors) | Approx. 1,50,000 sq. ft. |
| Total estimated cost (₹ in lakhs) | 3,723.32 |
| Estimated date of opening | April 2023 |

**Land**

Our Company has identified the land parcels for setting up the proposed display centre, however, no payment towards the purchase of the said land parcels has been made as on the date of this Draft Letter of Offer. The proposed display centre is envisaged to be set up at Survey No. 64 P2 & P1, 64P1 & P2 (Part A), Gala Patiya, Kandla Highway, Morbi- 363642, Gujarat. The combined area of these land parcels admeasures to 4,645 square meters. Our Company plans to fund the purchase of the said land parcels entirely out of internal accruals.

**Estimated Costs**

Based on the quotations received from the suppliers and contractors, our Company has estimated total cost of ₹ 3,733.32 lakhs, details of which are given below:

| **Particulars** | **Amount (₹ in lakhs)** | **Means of Finance** |
|---|---|---|
| Land | 10.00 | Internal Accruals |
| Civil Costs | 3,723.32 | Net Proceeds |
| **Total Costs** | **3,733.32** | |

**Civil Costs**

Our management has estimated total cost of ₹ 3,723.32 lakhs of civil construction, furniture and fixtures, lighting, etc. for setting up the proposed display centre on the basis of an all-inclusive quotation received from M/s. Bhojani Enterprise dated January 29, 2022. The cost estimates includes all the costs of civil work, lighting, furniture & fixtures, cassette, plumbing work, tiles, sanitaryware, etc. Further breakup of the cost is given hereunder:

| **Sr. No.** | **Name of the work** | **Name of the Contractor** | **Date of Quotation** | **Amount (₹ in lakhs)** |
|---|---|---|---|---|
| 1 | • GVT tile flooring and skirting including cement base and fixing with grouting<br>• Elevation facade glass work/ cladding/ treatment for highlight<br>• Furniture work/false ceiling work/display/ design/tile display/painting<br>• Electrification/ CCTV/ fire work for showrooms and office area with cabling and light fittings<br>• Lift for all floors(Schneider/ Kone/ Thyssenkrupp make),<br>• Air conditioning for all floors (0.8 Tr. per 36 cmt. Volume)<br>• Exterior painting work of good quality weather coat<br>• Toilet plumbing/CP fitting/ tiling/ water supply and drainage line/OH tank/UG tank<br>• Prop work and aesthetic design work for showrooms<br>• Landscape, approach road, compound wall, parking shed, security cabin work | Bhojani Enterprise | January 29, 2022 | 2,748.63 |
| 2 | Excavation for foundation, PCC for footing, RCC footing, Steel for RCC footing, Column till Plinth Bottom (2.25 mt.), Grade Slab Work | | | 183.23 |
| 3 | Ground floor civil work | | | 101.46 |
| 4 | First floor civil work | | | 104.98 |
| 5 | Second floor civil work | | | 108.50 |
| 6 | Third floor civil work | | | 112.02 |
| 7 | Fourth floor civil work | | | 115.54 |
| 8 | Fifth floor civil work | | | 119.06 |
| 9 | Terrace Cabin civil work | | | 18.06 |
| 10 | Masonry work | | | 111.85 |
| **Total** | | | | **3,723.32** |

As on the date of this Draft Letter of Offer, our Company has not deployed any amount from internal accruals towards the Object of the Issue except amount paid towards subscription to the equity shares of the wholly owned subsidiaries at the time of their incorporation.

In relation to the capital expenditure for setting up the display centre as above, we have not entered into any definitive agreements with any of the vendors and there can be no assurance that the same vendors would be engaged to for building the said display centre or at the same costs.

Further, the Promoters, Promoter Group and Directors do not have any interest in the proposed acquisition land or civil construction of the display centre or in the entity from whom we have obtained quotations in relation to such proposed civil construction and our Company has confirmed that such entities do not form part of our Promoter Group.

4. **General Corporate Purposes**

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] Lakhs towards general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds of the Issue, in compliance with SEBI ICDR Regulations. Our Company intends to deploy the balance Net Proceeds, if any, for general corporate purposes, subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

a) strategic initiatives and joint ventures;

b) acquiring assets such as plant and machineries, immovable properties, leasehold improvements and intangibles;

c) funding growth opportunities;

d) working capital requirements;

e) prepayment or repayment of borrowings availed by our Company or Subsidiaries;

f) brand building and strengthening of marketing activities;

g) expenses towards any other activities, in furtherance for the nature of business;

h) provision of loans, advances, preference share, debenture, infusion of equity for supporting the business of subsidiaries, etc; and

i) ongoing general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board of Directors based on the permissible amount actually available under the head "*General Corporate Purposes*" and the business requirements of our Company, from time to time. We, in accordance with the policies of our Board, will have flexibility in utilizing surplus amounts, if any.

**Issue Related Expenses**

The total expenses of the Issue are estimated to be approximately ₹ [●] Lakhs. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expense, advertisement expenses, legal fees and listing fees. The estimated Issue expenses are as under:

| Expenses | Estimated expenses (in ₹ Lakhs) | As a % of the total estimated Issue expenses | As a % of the total Gross Issue Proceeds |
|---|---|---|---|
| Fees payable to Lead Manger (including underwriting commission) | [●] | [●] | [●] |
| Brokerage, Selling Commission and Upload fees | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Fees to the Registrar to the Issue | [●] | [●] | [●] |
| Fees payable to the Regulators including stock exchanges | [●] | [●] | [●] |
| Printing and distribution of Issue stationary | [●] | [●] | [●] |
| Others (bankers to the Issue, auditor's fees etc.) | [●] | [●] | [●] |
| **Total estimated Issue expenses*** | [●] | [●] | [●] |

**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.*

**Bridge Financing**

We have not entered into any bridge finance arrangements that will be repaid from the Net Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit facility with our lenders, to finance setting up of a manufacturing unit until the completion of the Issue. Any amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance setting up of a manufacturing unit will be repaid from the Net Proceeds of the Issue.

**Interim Use of Funds**

Pending utilization of the Issue Proceeds for the Objects of the Issue described above, our Company shall deposit the funds only in Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.

**Monitoring Utilization of Funds**

Our Company has appointed [•] as the Monitoring Agency for the Issue. Our Board and the Monitoring Agency shall monitor the utilisation of the proceeds of the Issue and the Monitoring Agency shall submit a report to our Board as required under the relevant SEBI ICDR Regulations. Our Company shall publicly disseminate such report in such manner and within such timeline as prescribed under the SEBI ICDR Regulations.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Proceeds raised through this Issue. The Audit Committee shall make recommendations to our Board for further action, if appropriate.

Further, according to the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations and variations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. Our Company will disclose the utilization of the Proceeds under an appropriate separate head along with details in our balance sheet(s) until such time as the Proceeds remain unutilized clearly specifying the purpose for which such Proceeds have been utilized. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the director’s report.

**Other Confirmations**

No part of the proceeds of the Issue will be paid by our Company to the Promoters and Promoter Group and the Directors.

**STATEMENT OF SPECIAL TAX BENEFITS**

**Statement of special tax benefits available to the Asian Granito India Limited and its Shareholders.**

**To,**
**The Board of Directors**
**Asian Granito India Limited**
**202, Dev Arc, Opp. Iskcon Temple**
**S.G. Highway, Ahmedabad- 380015.**

Dear Sirs,

**Statement of Special Tax Benefits available to Asian Granito India Limited and its shareholders under the Indian tax laws**

1) We hereby confirm that the enclosed Annexure 1 and 2 ( together "the Annexures"), prepared by **Asian Granito India Limited** ('the Company'), provides the special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2021, i.e. applicable for Financial Year 2021-2022 relevant to the Assessment year 2022-2023, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act") as amended by Finance Act, 2021, i.e. applicable for Financial Year 2021-2022 relevant to the Assessment year 2022-2023 presently in force in India (together, the "Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.

2) The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are neither designed nor intended to be substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax law, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed right issue.

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

(i) the Company or its shareholders will continue to obtain these benefits in future;
(ii) the conditions prescribed for availing the benefits have been/would be met with; and
(iii) the revenue authorities / courts will concur with the views expressed herein.

4) The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

**For R R S & Associates**
**Chartered Accountants**
**FR No.: 118336W**

**Purva shah**
**Partner**
**Membership No.-142877**
**UDIN:- 22142877ADSDZV9203**

**Date: 25/02/2022**
**Place: Ahmedabad**

**ANNEXURE-1**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ASIAN GRANITO INDIA LIMITED 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 benefit or benefit under any other law.

c) The above statement of special tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

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) 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.

**For Asian Granito India Limited**

**CA Amarendra Kumar Gupta**
**Chief Financial Officer**
**Membership No.-063510**

**Date: 25/02/2022**
**Place: Ahmedabad**

**ANNEXURE-2**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ASIAN GRANITO INDIA LIMITED AND ITS SHAREHOLDERS**

**I. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act").**

1. **Special indirect tax benefits available to the Company**

   There are no indirect tax benefits available to the Company.

2. **Special indirect tax benefits available to Shareholders**

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

**Notes:**

1. Our comments are based on our understanding of the specific activities carried out by the Company from April 2020 to December-2021 of this Annexure as per the documents provided to us and the discussions with the representatives of the Company. Any variation in the understanding could require our comments to be suitably modified.
2. These comments are 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.
3. We have been given to understand by the audit team that during the period April 2020 to December 2021 of this Annexure, the Company has:
   - not claimed any exemption / benefit under the GST law on outward supplies of goods and services made by them except to the extent the supply of goods which were chargeable at 'Nil' rates as per the applicable Tariff
   - availed input tax credit in respect of procurement of goods and services in so far the same were attributable to taxable outward supply of goods and / or services in accordance with the provisions of GST Law.
4. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
5. This Annexure is solely for the information and use of the statutory auditors of the Company. The Annexure may not be used for any other purpose, or distributed to any other party, without our prior written consent. Any party other than the statutory auditors of the Company should not rely on this Annexure without seeking prior professional advice.
6. The firm has no responsibility to update this Annexure for events or circumstances occurring after this date, unless specifically requested by the statutory auditors of the Company.

**For Asian Granito India Limited**

**CA Amarendra Kumar Gupta**
**Chief Financial Officer**
**Membership No.-063510**

**Date: 25/02/2022**
**Place: Ahmedabad**

## STATEMENT OF SPECIAL TAX BENEFITS

**Statement of special tax benefits available to the Amazoone Ceramics Limited (Material Subsidiary of Asian Granito India Limited) and its Shareholders.**

**To,**
**The Board of Directors**
**Amazoone Ceramics Limited**
**Block No, 83 (Old Block No. 450)**
**At. Dalpur, Taluka – Prantij.**
**Dist. Sabarkantha – 383120.**

**Dear Sirs,**

**Statement of Special Tax Benefits available to Amazoone Ceramics Limited (Material Subsidiary of Asian Granito India Limited) and its shareholders under the Indian tax laws**

1) We hereby confirm that the enclosed Annexure 1 and 2 ( together "the Annexures"), prepared by **Amazoone Ceramics Limited** ('the Company'), provides the special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2021,i.e. applicable for Financial Year 2021-2022 relevant to the Assessment year 2022-2023, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act") as amended by Finance Act, 2021, i.e. applicable for Financial Year 2021-2022 relevant to the Assessment year 2022-2023 presently in force in India (together, the "Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.

2) The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are neither designed nor intended to be substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax law, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed right issue.

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

(i) the Company or its shareholders will continue to obtain these benefits in future;
(ii) the conditions prescribed for availing the benefits have been/would be met with; and
(iii) the revenue authorities / courts will concur with the views expressed herein.

4) The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

**For R R S & Associates**
**Chartered Accountants**
**FR No.: 118336W**

**Purva shah**
**Partner**
**Membership No.-142877**
**UDIN:- 22142877ADSERL7602**

**Date: 25/02/2022**
**Place: Ahmedabad**

**ANNEXURE-1**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AMAZOONE CERAMICS LIMITED (MATERIAL SUBSIDIARY OF ASIAN GRANITO INDIA LIMITED) 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 benefit or benefit under any other law.

c) The above statement of special tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

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) 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.

**For Amazoone Ceramics Limited**

**Vipulbhai Vinodbhai Patel**
**Managing Director**
**DIN: 01995353**

**Date: 25/02/2022**
**Place: Ahmedabad**

**ANNEXURE-2**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO AMAZOONE CERAMICS LIMITED (MATERIAL SUBSIDIARY OF ASIAN GRANITO INDIA LIMITED) AND ITS SHAREHOLDERS**

**II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act").**

1. **<u>Special indirect tax benefits available to the Company</u>**

   There are no indirect tax benefits available to the Company.

2. **<u>Special indirect tax benefits available to Shareholders</u>**

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

**Notes:**

1. Our comments are based on our understanding of the specific activities carried out by the Company from April 2020 to December-2021 of this Annexure as per the documents provided to us and the discussions with the representatives of the Company. Any variation in the understanding could require our comments to be suitably modified.
2. These comments are 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.
3. We have been given to understand by the audit team that during the period April 2020 to December 2021 of this Annexure, the Company has:
   - not claimed any exemption / benefit under the GST law on outward supplies of goods and services made by them except to the extent the supply of goods which were chargeable at 'Nil' rates as per the applicable Tariff
   - availed input tax credit in respect of procurement of goods and services in so far the same were attributable to taxable outward supply of goods and / or services in accordance with the provisions of GST Law.
4. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
5. This Annexure is solely for the information and use of the statutory auditors of the Company. The Annexure may not be used for any other purpose, or distributed to any other party, without our prior written consent. Any party other than the statutory auditors of the Company should not rely on this Annexure without seeking prior professional advice.
6. The firm has no responsibility to update this Annexure for events or circumstances occurring after this date, unless specifically requested by the statutory auditors of the Company.

**For Amazoone Ceramics Limited**

**Vipulbhai Vinodbhai Patel**
**Managing Director**
**DIN: 01995353**

**Date: 25/02/2022**
**Place: Ahmedabad**

## STATEMENT OF SPECIAL TAX BENEFITS

**Statement of special tax benefits available to the Crystal Ceramic Industries Limited (Material Subsidiary of Asian Granito India Limited) and its Shareholders.**

**To,**
**The Board of Directors**
**Crystal Ceramic Industries Limited**
**101,102, Elanza Vertex,**
**Sindhu Bhavan Road,**
**Ahmedabad GJ 380059**

**Dear Sirs,**

**Statement of Special Tax Benefits available to Crystal Ceramic Industries Limited (Material Subsidiary of Asian Granito India Limited) and its shareholders under the Indian tax laws**

1) We hereby confirm that the enclosed Annexure 1 and 2 ( together "the Annexures"), prepared by **Crystal Ceramic Industries Limited** ('the Company'), provides the special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2021,i.e. applicable for Financial Year 2021-2022 relevant to the Assessment year 2022-2023, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act") as amended by Finance Act, 2021, i.e. applicable for Financial Year 2021-2022 relevant to the Assessment year 2022-2023 presently in force in India (together, the "Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.

2) The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are neither designed nor intended to be substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax law, each investor is advised to consult his or her tax consultant with respect to the specific tax implications arising out of their participation in the proposed right issue.

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

(i) the Company or its shareholders will continue to obtain these benefits in future;
(ii) the conditions prescribed for availing the benefits have been/would be met with; and
(iii) the revenue authorities / courts will concur with the views expressed herein.

4) The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

**For Manghani & Co.**
**Chartered Accountant**
**FR No.: 022372C**

**Dinesh Manghani**
**Proprietor**
**Membership No.-535603**
**UDIN:- 22535603ADSHFK9732**

**Date: February 25, 2022**
**Place: Ahmedabad**

**ANNEXURE-1**

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CRYSTAL CERAMIC INDUSTRIES LIMITED (MATERIAL SUBSIDIARY OF ASIAN GRANITO INDIA LIMITED) 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 benefit or benefit under any other law.

c) The above statement of special tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.

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) 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.

**For Crystal Ceramic Industries Limited**

**Kamleshbhai B. Patel**
**Director**
**DIN: 00229700**

**Date: February 25, 2022**
**Place: Ahmedabad**

## ANNEXURE-2

**STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO CRYSTAL CERAMIC INDUSTRIES LIMITED (MATERIAL SUBSIDIARY OF ASIAN GRANITO INDIA LIMITED) AND ITS SHAREHOLDERS**

**III. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act").**

**1. <u>Special indirect tax benefits available to the Company</u>**

There are no indirect tax benefits available to the Company.

**2. <u>Special indirect tax benefits available to Shareholders</u>**

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

**Notes:**

1. Our comments are based on our understanding of the specific activities carried out by the Company from April 2020 to December-2021 of this Annexure as per the documents provided to us and the discussions with the representatives of the Company. Any variation in the understanding could require our comments to be suitably modified.
2. These comments are 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.
3. We have been given to understand by the audit team that during the period April 2020 to December 2021 of this Annexure, the Company has:
   - not claimed any exemption / benefit under the GST law on outward supplies of goods and services made by them except to the extent the supply of goods which were chargeable at 'Nil' rates as per the applicable Tariff
   - availed input tax credit in respect of procurement of goods and services in so far the same were attributable to taxable outward supply of goods and / or services in accordance with the provisions of GST Law.
4. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
5. This Annexure is solely for the information and use of the statutory auditors of the Company. The Annexure may not be used for any other purpose, or distributed to any other party, without our prior written consent. Any party other than the statutory auditors of the Company should not rely on this Annexure without seeking prior professional advice.
6. The firm has no responsibility to update this Annexure for events or circumstances occurring after this date, unless specifically requested by the statutory auditors of the Company.

**For Crystal Ceramic Industries Limited**

**Kamleshbhai B. Patel**
**Director**
**DIN: 00229700**

**Date: February 25, 2022**
**Place: Ahmedabad**

## SECTION IV: ABOUT OUR COMPANY

## INDUSTRY OVERVIEW

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

### GLOBAL ECONOMIC SCENARIO

**Forces Shaping the Outlook**

Adverse developments since the October WEO mean that the global economy is entering 2022 in a weaker position than anticipated. News of the Omicron variant led to increased mobility restrictions and financial market volatility at the end of 2021. Supply disruptions have continued to weigh on activity. Meanwhile, inflation has been higher and more broad-based than anticipated, particularly in the United States. Adding to these pressures, the retrenchment in China's real estate sector appears to be more drawn out and the recovery in private consumption is weaker than previously expected.

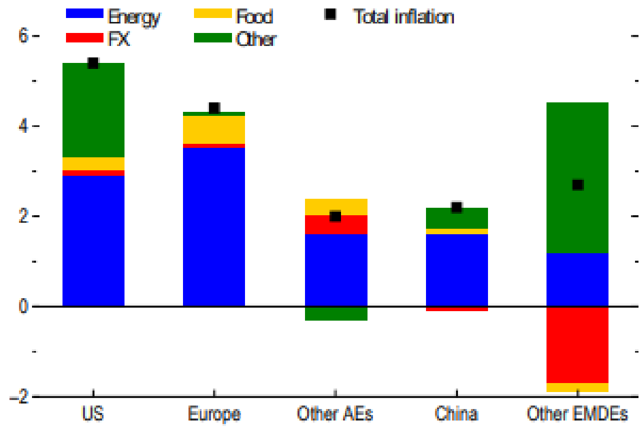
*The pandemic's continued grip:* Since the start of October, COVID-19 deaths have averaged about 7,000 a day worldwide, down from about 10,000 in late August. The diffusion of vaccines—although still uneven—has played a major role, with over 55 percent of people having received at least one dose. Yet the emergence of the Omicron variant in late November threatens to set back this tentative path to recovery. As of mid-January, Omicron appeared to be more transmissible than Delta, but its symptoms are perhaps less severe. The net effect on hospitalizations and deaths is still unknown. The baseline forecast is conditioned on adverse health outcomes—severe illness, hospitalizations, and deaths coming down to low levels in most countries by the end of 2022. This assumes that most countries achieve vaccination rates consistent with the IMF's pandemic proposal by end-2022, therapies become widely accessible, and the combination proves effective in protecting against Omicron and any other variants that emerge. Some emerging market and developing economies are anticipated to fall short of the vaccination target in 2022 and achieve sufficiently broad coverage only in 2023.

*Downside surprises in the second half of 2021:* Supply disruptions continued into the fourth quarter, hindering global manufacturing—especially in Europe and the United States. A resurgence in COVID cases (particularly in Europe) also held back a broader recovery. In China, disruptions from COVID outbreaks, interruptions to industrial production from power outages, declining real estate investment, and a faster-than-expected withdrawal of public investment all contributed to a second-half slowdown. Although there were signs of a global turnaround in November—with a pickup in international trade and upside surprises for services activity and industrial production data—this only partially offset earlier declines.

*Broadening price pressures:* The emergence of a new variant is not the only risk that has crystallized in recent months. Inflation continued to rise throughout the second half of 2021, driven by several factors of varying importance across regions (Figure 1). Fossil fuel prices have almost doubled in the past year, driving up energy costs and causing higher inflation, most prominently in Europe. Rising food prices have contributed to higher inflation, for example in sub-Saharan Africa. Meanwhile, ongoing supply chain disruptions, clogged ports, land-side constraints, and high demand for goods have also led to broadening price pressures, especially in the United States. Higher imported goods prices have contributed to inflation for example in Latin America and the Caribbean region.

*Monetary conditions have tightened globally* (see box). In the United States, with price and wage pressures broadening, the Federal Reserve decided to accelerate its taper of asset purchases and signaled that it will raise rates further in 2022 than previously expected. The European Central Bank (ECB) has announced it will end net asset purchases under the Pandemic Emergency Purchase Programme in March 2022, while it will temporarily increase net purchases by a modest amount under its longer-standing Asset Purchase Programme. The ECB has also committed to maintaining its key interest rates at current levels until adequate progress is made toward stabilizing inflation at its medium-term target.

**Figure 1. Change in Inflation, December 2020 — Latest**
*(Percentage points)*




Sources: Haver Analytics; and IMF staff calculations.
Note: "Change in inflation" refers to the difference in year-over-year growth of the consumer price index between December 2020 and the latest available data. Stacked bars show the contribution of each component to that change. FX refers to short-term depreciation-induced inflation using estimates from Carrière-Swallow and others (2021). Sample includes countries for which all components are available. This covers 26 European countries, 2 other AEs, and 15 EMDEs. Purchasing-power-parity weights are used for aggregation. AEs = advanced economies; EMDEs = emerging market and developing economies; FX = import-weighted nominal effective exchange rate depreciation.

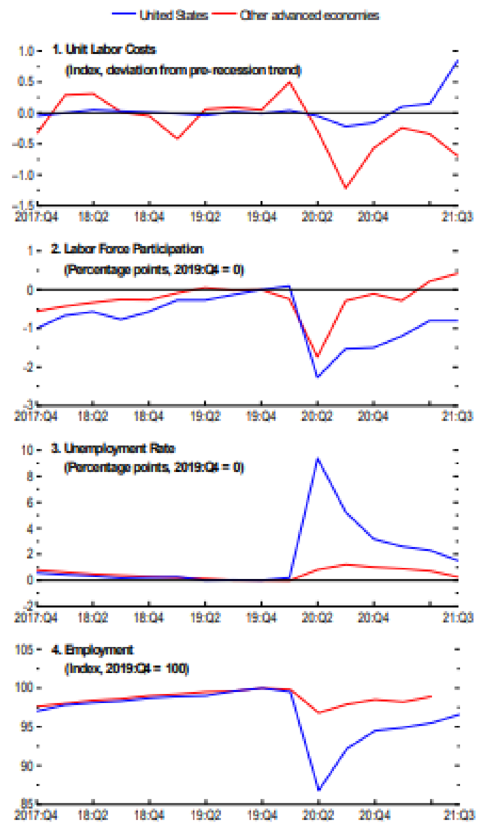
**Global Growth Set to Moderate and Inflation to Persist Longer**

*Global growth* is estimated at 5.9 percent in 2021 and is expected to moderate to 4.4 percent in 2022, half a percentage point lower than in the October 2021 World Economic Outlook. The baseline incorporates anticipated effects of mobility restrictions, border closures, and health impacts from the spread of the Omicron variant. These vary by country depending on susceptibility of the population, the severity of mobility restrictions, the expected impact of infections on labor supply, and the importance of contact-intensive sectors. These impediments are expected to weigh on growth in the first quarter of 2022. The negative impact is expected to fade starting in the second quarter, assuming that the global surge in Omicron infections abates and the virus does not mutate into new variants that require further mobility restrictions. Forecasts are based on information up to 18 January 2022.

Among changes to advanced economy forecasts for 2022, a revised assumption removing the Build Back Better fiscal policy package from the baseline, earlier withdrawal of monetary accommodation, and continued supply chain disruptions have contributed to a downgrade of 1.2 percentage points for the United States. In Canada, weaker data outturns toward the end of 2021 and anticipated softer external demand for 2022 (related to the US revision) have led to a 0.8 percentage-point downgrade. In the euro area, prolonged supply constraints and COVID disruptions produced a less severe revision of 0.4 percentage point—led by a markdown of 0.8 percentage point for Germany largely due to the economy's exposure to supply chain shocks. Mobility restrictions imposed toward the end of 2021 are expected to drag on growth in the euro area in early 2022. In the United Kingdom, disruptions related to Omicron and supply constraints (particularly in labor and energy markets) mean that growth is revised down by 0.3 percentage point to 4.7 percent.

The 2022 forecast downgrade also reflects revisions among a few large emerging markets. In China, disruption in the housing sector has served as a prelude to a broader slowdown. With a strict zero-COVID strategy leading to recurrent mobility restrictions and deteriorating prospects for construction sector employment, private consumption is likely to be lower than anticipated. In combination with lower investment in real estate, this means that the growth forecast for 2022 is revised down relative to October by 0.8 percentage point, at 4.8 percent, with negative implications for trading partners' prospects. The outlook has also weakened in Brazil, where the fight against inflation has prompted a strong monetary policy response, which will weigh on domestic demand. A similar dynamic is at work in Mexico, albeit to a lesser extent. In addition, the US downgrade brings with it the prospect of weaker-than-expected external demand for Mexico in 2022. In Russia, the forecast is marginally marked down because of a weak harvest and worse-than-expected third wave. South Africa's growth forecast is downgraded in light of a softer-than-expected second half in 2021 and a weaker outlook for investment as business sentiment remains subdued.

Figure 2. Labor and Wages




Sources: Haver Analytics; Organisation for Economic Co-operation and Development; and IMF staff calculations.
Note: All panels present changes relative to 2019:Q4. Panel 1 shows deviations of labor cost indices from their pre-pandemic trend, estimated by linear regression using quarterly observations from 2017:Q4 to 2019:Q4. Panel 2 uses the labor force participation rate of the 15-64 age range, where available. Purchasing-power-parity weights are used for aggregation. Other advanced economies includes 30 countries.

The upward revision to global growth in 2023 is mostly mechanical. Eventually, the shocks dragging 2022 growth will dissipate and— as a result—global output in 2023 will grow a little faster. Among prominent revisions not due to the pandemic, India's prospects for 2023 are marked up on expected improvements to credit growth—and, subsequently, investment and consumption—building on better-than-anticipated performance of the financial sector. Japan's 2023 growth outlook is also revised up by 0.4 percentage point, reflecting anticipated improvements in external demand and continued fiscal support. The upward revision to 2023 global growth is, however, not enough to make up ground lost due to the downgrade to 2022. Cumulative global growth over 2022 and 2023 is projected to be 0.3 percentage point lower than previously forecast.

*(Source:* https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022 *)*

## INDIAN ECONOMY OVERVIEW

The momentum of economic recovery has been moderated by the ravaging second wave of COVID-19. Unlike the first wave, the effect of the second wave has been asynchronous in its onset across states and wider in its spread as the second wave also entered the rural hinterland. This necessitated a differentiated, state-level policy response in close coordination with the Central Government for rapid rebooting of health infrastructure and effective implementation of 'Test, Track, Treat, Vaccinate and COVID-appropriate behaviour'. A continuous decline in the 7-day average of active cases since 13th May 2021 and the 7-day average of daily new cases after 8th May marked the declining phase of the second wave. Simultaneously, the world's largest vaccination drive is underway in India with 23.9 crore doses administered as on date.

After declining during the second wave, high frequency indicators such as power consumption, E-way bills and foreign portfolio investment (FPI) flows witnessed uptick in the second half of May 2021. Agriculture sector continues to offer comfortable prospects amidst a normal monsoon forecast, smooth food procurement and distribution, and MGNREGA employment. However, sequential slackening was observed in eight core industrial output, PMI manufacturing, steel consumption, auto sales, tractor sales, petroleum products consumption, rail freight, port and air traffic, PMI services, highway toll collections, GST collections and UPI transactions.

*(Conversion rate used for June 2021 is ₹1 = US$ 0.014)*
*(Source: https://www.ibef.org/download/MER_May_2021.pdf)*

**Market size**

- India's nominal gross domestic product (GDP) at current prices is estimated to be at ₹ 232.15 trillion (US$ 3.12 trillion) in FY2021-22.,
- India is the third-largest unicorn base in the world with over 83 unicorns collectively valued at US$ 277.77 billion, as per the Economic Survey. By 2025, India is expected to have 100 unicorns, which will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'.
- India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030s, for productivity and economic growth according to McKinsey Global Institute. The net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.
- According to data from the Department of Economic Affairs, as of January 28, 2022, foreign exchange reserves in India reached the US$ 634.287 billion mark.

*(Source: https://www.ibef.org/economy/monthly-economic-report)*

**Recent Developments**

- With an improvement in the economic scenario, there have been investments across various sectors of the economy. The private equity - venture capital (PE-VC) sector recorded investments worth US$ 6.8 billion across 102 deals in November 2021 42% higher than November 2020. Some of the important recent developments in the Indian economy are as follows:
- India's merchandise exports between April 2021 and December 2021 were estimated at US$ 299.74 billion (a 48.85% YoY increase). In December 2021, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 56.4.
- The gross GST (Goods and Services Tax) revenue collection stood at ₹ 1.38 trillion (US$ 18.42 billion) in January 2022. This was a 15% rise over a year ago.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US$ 547.2 billion between April 2000 and June 2021.
- India's Index of Industrial Production (IIP) for November 2021 stood at 128.5 against 126.7 for November 2020.
- Consumer Food Price Index (CFPI) – Combined inflation was 2.9% in 2021-22 (April-December) against 9.1% in the corresponding period last year.
- Consumer Price Index (CPI) – Combined inflation was 5.20% in 2021-2022 (April-December) against 6.6% in 2020-21
- Foreign portfolio investors (FPIs) invested Rs.50, 009 crore (US$ 6.68 billion) in the Calendar year 2021.
- The wheat procurement in Rabi 2021-22 and the anticipated paddy purchase in Kharif 2021-22 would include 1208 lakh (120.8 million) metric tonnes of wheat and paddy from 163 lakh (16.7 million) farmers, as well as a direct payment of MSP value of 2.37 lakh crore (US$ 31.74 billion) to their accounts.

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

**Road Ahead**

As indicated by provisional estimates released by the National Statistical Office (NSO), India posted a V-shaped recovery in the second half of FY21. As per these estimates, India registered an increase of 1.1% in the second half of FY21; this was driven by the gradual and phased unlocking of industrial activities, increased investments and growth in government expenditure.

As per the Reserve Bank of India's (RBI) estimates, India's real GDP growth is projected at 9.5% in FY22; this includes 18.5% increase in the first quarter of FY22; 7.9% growth in the second quarter of FY22; 7.2% rise in the third quarter of FY22 and 6.6% growth in the fourth quarter of FY22.

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030, which is currently 30% and have plans to increase its renewable energy capacity from to 175 gigawatt (GW) by 2022. In line with this, in May 2021, India, along with the UK, jointly launched a 'Roadmap 2030' to collaborate and combat climate change by 2030.

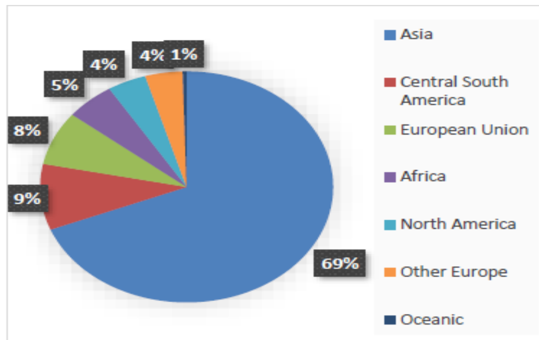
India is expected to be the third largest consumer economy as its consumption may triple to US$ 4 trillion by 2025, owing to shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass USA to become the second largest economy in terms of purchasing power parity (PPP) by 2040 as per a report by PricewaterhouseCoopers.

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

## GLOBAL TILE INDUSTRY

### INTRODUCTION

Asia remains the major consuming region, with contribution of 69% of the total world consumption, followed by Central South America at 9%, the European Union at 8% and the rest 14% is contributed by Africa, North America, Other Europe and the Oceanic countries. China remains the world's largest consumer, contributing 37% (4840 msm in CY2018) of world consumption followed by India (6%, 750 msm) and Brazil (5%, 702 msm).




*Source: Ceramic world review, ICRA research*

In addition to being the largest producer and consumer of the world, China is also the largest exporter, with 854 msm of volumes exported. India ranked fourth after Spain and Italy with volumes of 274 msm exported during CY2018. The top five exporters contributed to 70-75% of the total world exports in the past.

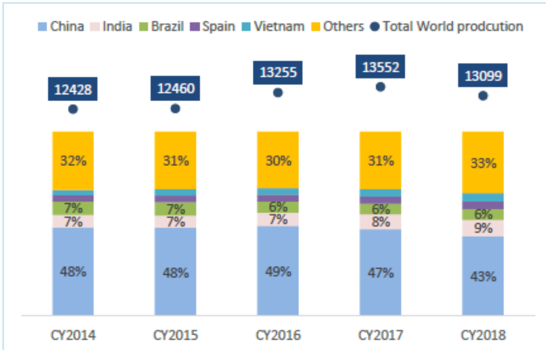
***World production and consumption grew at a CAGR of 3% over CY2012-CY2018.***

The total world tiles production grew at a CAGR of 4% in the last five years from 11224 million square metre (msm) in CY2012 to 13552 msm in CY2017. The volume growth was led by sustained increase in production volumes of leading producers including China, India, Spain, Vietnam and Turkey. The world production growth although moderated to 2% in CY2017 and it was negative by 3% on a YoY basis, primarily due to dip in production volumes of China.

The production volumes of India grew at a CAGR of 9% for the five-year period from 691 msm in CY2012 to 1145 msm in CY2018. With a volume growth of 12% and 13% CY2016 and CY2017, India became the world's second largest producer, contributing 9% of the total world production.

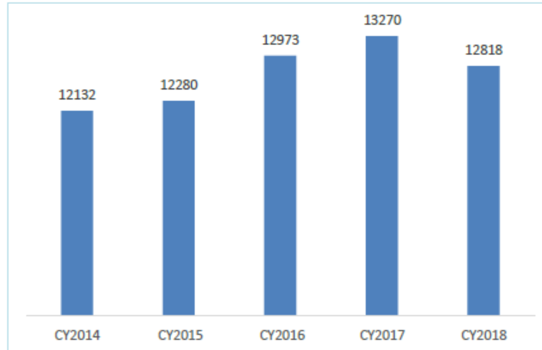
China continued to remain the largest tile producer, with contribution of 43% of total world production, while Brazil slipped to the third position with contribution of 6% after witnessing a de-growth of 12% in CY2016 and 0.3% in CY2017.

**Exhibit 1: World production (In million square meter)**




Source: Ceramic world review^

**Exhibit 2: World consumption (In million square meter)**

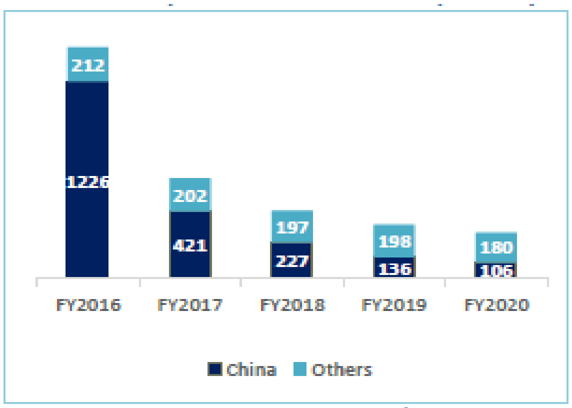



Source: Ceramic world review

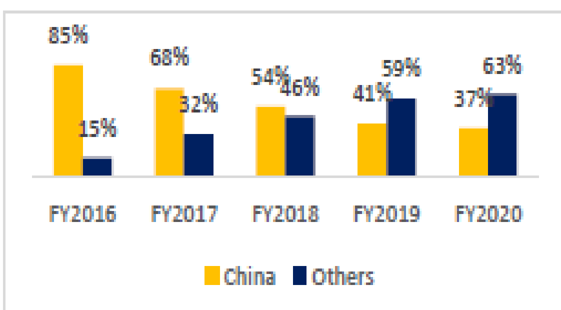
## MARKET POSITION

***Hike in custom duty with prevailing Anti-Dumping Duty to benefit domestic tile players***

Imports from China




*Source: DGFT, ICRA research*




*Source: DGFT, ICRA research*

China is the leading manufacturer of tiles in the world with ~47% share of the world production. In 2017, China produced 64 billion square metre tiles against the domestic consumption was ~55 billion square metre. The excess production and comparatively low cost, over the years, has led China to become a major exporter of tiles thus negatively affecting the domestic ceramic industries.

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However, over the last three years, Chinese companies are struggling with anti-dumping duties on tiles imposed by many foreign countries. In 2015, India also levied an anti-dumping duty (ADD) of US$1.87/sqm on imports of tiles for five years.

The ADD has restored a price parity between prices of domestic tiles and Chinese imports, thereby boosting the competitiveness of the Indian manufacturers. This is reflected in a decline in imports from China to ₹ 136 crore in FY2019 and ₹ 106 crore in FY2020 against the all-time high of ₹ 1226 crore in FY2016. Moreover, the custom duty was hiked from 10% to 15% in the 2019 Budget, which is likely to make imports further dearer and benefit the domestic tile industry.

*(Source: ICRA Report)*

***Top Manufacturing, Consumption, Exporter and Importer countries***

In 2019, world tile consumption fell from 12,902 to 12,375 million sqm (-4.1%), a decline of approximately 500 million sqm. The biggest contraction was in Asia, where demand fell to 7,995 million sqm (-6.3%), equivalent to 64.6% of global consumption. As for Europe, consumption grew in European Union countries (from 1,009 to 1,021 million sqm, +1.2%) but declined by 10% in non-EU Europe (from 563 to 506 million sqm). Consumption remained almost stable in the Americas with volumes of 1,257 million sqm (+0.7%) in Central and South America and 544 million sqm (-3.7%) in North America. Demand in Africa rose sharply to 1,002 million sqm (+7.2%), continuing to far outstrip the continents production capacity. China, the world's largest producer, consumer and exporter of ceramic tiles, experienced a second severe contraction in terms of production and consumption in 2019. In 2019, India maintained its position as the second largest tile producer with an increase in volumes from 1,145 million sqm to 1,266 million sqm (+10.6%). The increase was not so much driven by domestic consumption, which grew by just 4% to 780 million sqm, as by a fresh surge in exports. The 20% growth recorded in 2018 (274 million sqm) was followed by a further 31.4% increase in 2019 (360 million sqm), making India the world's third largest exporting country after China and Spain. In value terms, exports reached 1,138 million euros (+32.5%), equivalent to an average selling price of 3.2 €/sqm, which remains one of the lowest figures of all major exporter countries.

The world's third largest producer, Brazil recorded a 4% increase in production in 2019 to 909 million sqm, exports remained stable at 102 million sqm, almost entirely shipped to Latin American markets and the United States, which in 2019 became the largest export market for Brazilian tiles with 20 million sqm (up 26.4% on 2018).

**TOP MANUFACTURING COUNTRIES**

| COUNTRY | 2015 (Sq.m Mill.) | 2016 (Sq.m Mill.) | 2017 (Sq.m Mill.) | 2018 (Sq.m Mill.) | 2019 (Sq.m Mill.) | % on 2019 world production | % var. 19/18 |
|---|---|---|---|---|---|---|---|
| CHINA | 5,970 | 6,495 | 6,400 | 5,683 | 13,157 | 40.9% | -8.7% |
| INDIA | 850 | 955 | 1,080 | 1,145 | 1,266 | 10.0% | 10.6% |
| BRAZIL | 986 | 871 | 867 | 872 | 909 | 7.2% | 4.2% |
| VIETNAM | 440 | 485 | 560 | 602 | 560 | 4.4% | -7.0% |
| SPAIN | 440 | 492 | 530 | 530 | 510 | 4.0% | -3.8% |
| ITALY | 395 | 416 | 422 | 416 | 401 | 3.2% | -3.6% |
| IRAN | 300 | 340 | 373 | 383 | 398 | 3.1% | 3.9% |
| INDONESIA | 370 | 360 | 307 | 383 | 347 | 2.7% | -9.4% |
| EGYPT | 230 | 250 | 300 | 300 | 300 | 2.4% | 0.0% |
| TURKEY | 320 | 330 | 355 | 335 | 296 | 2.3% | -11.6% |
| TOTAL | 10,301 | 10,994 | 11,194 | 10,649 | 10,174 | 80.3% | -4.5% |
| TOTAL WORLD | 12,530 | 13,322 | 13,627 | 13,157 | 12,673 | 100.0% | -3.7% |

*Source: Ceramic World Review*

**TOP CONSUMPTION COUNTRIES**

| COUNTRY | 2015 (Sq.m Mill.) | 2016 (Sq.m Mill.) | 2017 (Sq.m Mill.) | 2018 (Sq.m Mill.) | 2019 (Sq.m Mill.) | % on 2018 world consumption | % var. 18/17 |
|---|---|---|---|---|---|---|---|
| CHINA | 4,885 | 5,475 | 5,498 | 4,840 | 4,424 | 35.7% | -8.6% |
| BRAZIL | 927 | 789 | 765 | 775 | 802 | 6.5% | 3.5% |
| INDIA | 763 | 785 | 760 | 750 | 780 | 6.3% | 4.0% |
| VIETNAM | 400 | 412 | 580 | 542 | 467 | 3.8% | -13.8% |
| INDONESIA | 357 | 369 | 336 | 450 | 413 | 3.3% | -8.2% |
| USA | 254 | 274 | 284 | 289 | 273 | 2.2% | -5.5% |
| EGYPT | 190 | 215 | 252 | 236 | 239 | 1.9% | 1.3% |
| MEXICO | 218 | 235 | 242 | 236 | 238 | 1.9% | 0.8% |
| RUSSIA | 192 | 174 | 194 | 209 | 200 | 1.6% | -4.3% |
| IRAN | 190 | 169 | 170 | 240 | 200 | 1.6% | -16.7% |
| TOTAL | 8,376 | 8,897 | 9,081 | 8,567 | 8,036 | 64.9% | -6.2% |
| TOTAL WORLD | 12,378 | 13,069 | 13,340 | 12,902 | 12,375 | 100.0% | -4.1% |

*Source: Ceramic World Review*

In 2019, Spain maintained its position as the world's second largest exporter, although volumes remained unchanged at 415 million sqm (+0.2% on 2018) and export revenues rose to 2,822 million euros (+3.4%). France maintained its position as the top export market in terms of both volumes (41.1 million sqm, -0.2%) and value (321.6 million euros, +8%), followed by the United States with 36.9 million sqm (+11%) corresponding to a value of 304.6 million euros (+17.4%), Morocco (24.3 million sqm, +18.6%) and the UK (23.9 million sqm, +15.9%).

Exports to Israel remained stable (17.8 million sqm), while sales continued to decline in Italy (13.2 million sqm; -9.5%) and even more strongly in Saudi Arabia (11.7 million sqm; -17%). In 2019 the breakdown of Spanish export destinations by volume saw Europe in first place with 42% (49.5% in value), followed by the Middle East and Asia with 20.3% (17.8% in value), Africa with 18.3% (11.9% in value) and the Americas with 18% (19.7% in value).

**TOP EXPORTING COUNTRIES**

| COUNTRY | 2016 (Sq.m Mill.) | 2017 (Sq.m Mill.) | 2018 (Sq.m Mill.) | 2019 (Sq.m Mill.) | % on 2019 national production | % on 2019 world exports | % var 19/18 | value 2019 (million €) | average export price (€/sq.m) |
|---|---|---|---|---|---|---|---|---|---|
| CHINA | 1,025 | 908 | 854 | 779 | 15.0% | 27.5% | -8.8% | 3,895 | 5.0 |
| SPAIN | 395 | 407 | 414 | 415 | 81.4% | 14.6% | 0.2% | 2,822 | 6.8 |
| INDIA | 186 | 228 | 274 | 360 | 28.4% | 12.7% | 31.4% | 1,138 | 3.2 |
| ITALY | 332 | 338 | 328 | 323 | 80.5% | 11.4% | -1.5% | 4,509 | 14.0 |
| IRAN | 126 | 148 | 151 | 162 | 40.7% | 5.7% | 7.3% | 188 | 1.2 |
| TURKEY | 83 | 93 | 101 | 116 | 39.2% | 4.1% | 14.9% | 594 | 5.1 |
| BRAZIL | 94 | 90 | 100 | 102 | 11.2% | 3.6% | 2.0% | 308 | 3.0 |
| EGYPT | 41 | 57 | 68 | 66 | 22.0% | 2.3% | -2.9% | 147 | 2.2 |
| POLAND | 46 | 45 | 43 | 50 | 40.0% | 1.8% | 16.3% | 313 | 6.3 |
| UNITED ARAB EMIRATES | 48 | 46 | 42 | 45 | 54.9% | 1.6% | 7.1% | n.a. | n.a. |
| TOTAL | 2,376 | 2,360 | 2,375 | 2,418 | 26.3% | 85.2% | 1.8% | | |
| TOTAL WORLD | 2,820 | 2,787 | 2,806 | 2,837 | 22.4% | 100.0% | 1.1% | | |

*Source: Ceramic World Review*

In 2019, the top 10 importing countries imported a total of 1,040 million sqm, equivalent to 36.7% of global import/export flows and just 17 million sqm up from the previous year. With the sole exceptions of Indonesia, which imported just 17% of its consumption, and Thailand at 32%, imports to all the other top 10 importer countries accounted for more than 60% of domestic consumption, with peaks of 98.6% in Iraq and between 90% and 94% in France, Germany and Israel. In 2019 the USA maintained its position as the world's largest importer country despite a 2.4% decline in imports to 204 million sqm, in line with a 5.5% decline in domestic demand from 289 million sqm to 273 million sqm. Imports amounted to 74.7% of consumption, slightly higher than the previous year to compensate for the fall in local production, which dropped to 83 million sqm in 2019 (-4.6%). More than 70% of US tile imports originated from the 4 largest supplier countries: China (40.9 million sqm; -36.4%), Spain (36.9 million sqm; +11%), Mexico (33.5 million sqm; -5%) and Italy (32.9 million sqm; -4.8%). At the end of 2019, other countries besides Spain were already benefiting from China's imminent departure from the US market: Brazil, which grew by 26.4%, Turkey (+52%) and India (+383%). In terms of value, Italy remained the market leader with sales (on a CIF basis) of US $656 million, a 30% share of the total value of imports (US $2.2 billion).

**TOP IMPORTING COUNTRIES**

| COUNTRY | 2015 (Sq.m Mill.) | 2016 (Sq.m Mill.) | 2017 (Sq.m Mill.) | 2018 (Sq.m Mill.) | 2019 (Sq.m Mill.) | % on 2019 national consumption | % on 2019 world imports | % var. 19/18 |
|---|---|---|---|---|---|---|---|---|
| USA | 179 | 194 | 202 | 209 | 204 | 74.7% | 7.2% | -2.4% |
| IRAQ | 106 | 112 | 129 | 124 | 138 | 98.6% | 4.9% | 11.3% |
| SAUDI ARABIA | 188 | 167 | 131 | 116 | 126 | 66.3% | 4.4% | 8.6% |
| FRANCE | 99 | 104 | 112 | 111 | 113 | 89.7% | 4.0% | 1.8% |
| GERMANY | 100 | 115 | 109 | 106 | 110 | 90.2% | 3.9% | 3.8% |
| PHILIPPINES | 60 | 75 | 82 | 91 | 86 | 67.2% | 3.0% | -5.5% |
| INDONESIA | 45 | 57 | 64 | 77 | 72 | 17.4% | 2.5% | -6.5% |
| SOUTH KOREA | 72 | 75 | 78 | 77 | 70 | 70.0% | 2.5% | -9.1% |
| THAILAND | 56 | 54 | 55 | 57 | 61 | 32.4% | 2.2% | 7.0% |
| ISRAEL | 52 | 57 | 58 | 61 | 60 | 93.8% | 2.1% | -1.6% |
| TOTAL | 957 | 1,010 | 1,020 | 1,029 | 1,040 | 59.6% | 36.7% | 1.1% |
| TOTAL WORLD | 2,710 | 2,820 | 2,787 | 2,806 | 2,837 | 22.9% | 100.0% | 1.1% |

*Source: Ceramic World Review*

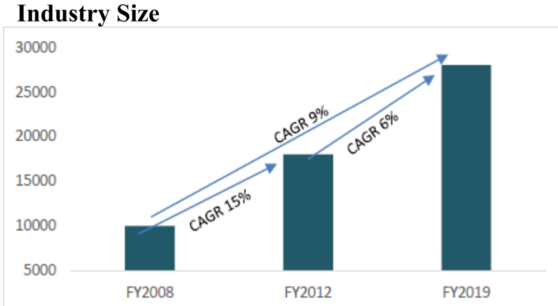
*(Source: Indian Council of Ceramic Tiles and Sanitaryware (ICCTAS) Magazine 2021 - [http://www.icctas.com/pdf/magazine_2021.pdf](http://www.icctas.com/pdf/magazine_2021.pdf))*

## INDIAN TILE INDUSTRY

### INTRODUCTION TO THE INDUSTRY

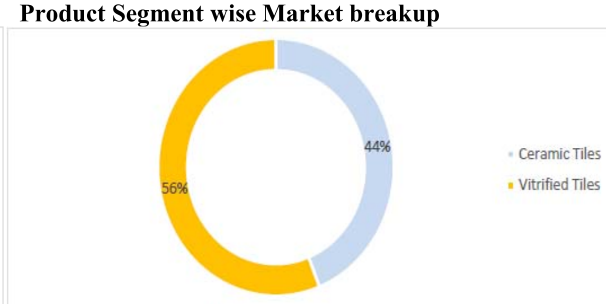
The industry size is estimated to be around Rs. 30,000 crore, with the share of organised and unorganized players (majority of them based out of Morbi cluster) at 50% each. The industry is further classified into two broad product segments - ceramic tiles and vitrified tiles, the share of which was 44% and 56% respectively. The industry grew at a CAGR of 9% over FY2008-FY2019. It grew at a healthy CAGR of 15% over FY2008-FY2012, supported by increased real estate construction activity. The growth slowed down to a single digit of 6% over FY2012-FY2019, primarily due to the slowdown in the real estate sector, its key consuming sector. The growth was in the lower single digit in FY2018 and FY2019, because of the implementation of the GST and the RERA, which resulted in poor housing demand and a significant drop in new launches during the year. Despite poor housing demand, the industry managed to arrest a major decline in growth, because of the rising exports, which grew by 33% each in FY2019 and FY2020 on a YoY basis and formed 30% of the total industry size.

**Industry Size**




*Source: Industry estimates, ICCTAS and ICRA research*

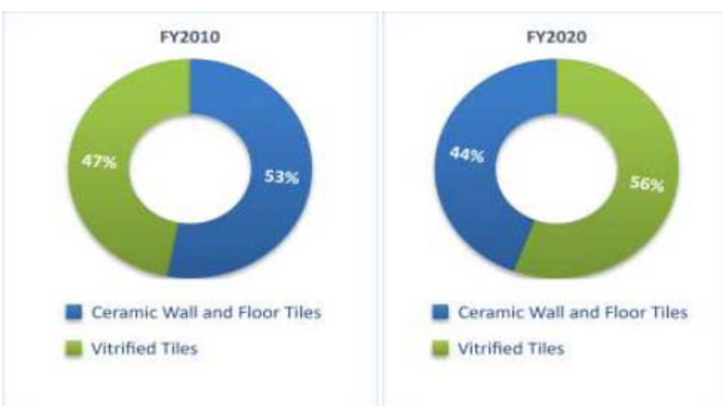
**Product Segment wise Market breakup**




*Source: Industry estimates, ICCTAS and ICRA research*

The COVID-19 outbreak is expected to further exacerbate the weakness in the domestic demand, following significant negative impact on its end consumer industry, real estate sector, given the expected slowdown in project execution and new launches. The replacement demand is also expected to remain muted due to weak consumer sentiments. Given the demand recovery is expected to be gradual with tile being a discretionary item, domestic sales are likely to be severely impacted in FY2021.

***Shift in customer preference towards higher value-added vitrified tiles***




*Source: ICRA research, ICCTAS*

The Indian tile industry has historically been driven by ceramic wall and floor tiles. However, owing to the increase in purchasing power and changes in lifestyle, customer preferences are gradually shifting towards higher value-added premium vitrified tiles segment as is evident from the dip in value-wise revenue contribution of ceramic tiles from 53% in FY2010 to 44% in FY2020.

**Evolution of Large Format Tiles and Slabs**

Globally, the tiles demand is increasingly shifting towards large format GVT and Porcelain slabs from Double Charge tiles with new innovative designs and thicknesses emerging every day led by innovation of state of the art glazing and digital printing technologies for ceramic tiles. Indian players are increasingly targeting this new market to establish an early large presence. Past few years have witnessed large capacity addition in the GVT and large slabs segment focused on both domestic and exports markets. Large format tiles and slabs are increasingly being used as countertops, kitchen tops, floorings, facades, wall cladding, etc. across the globe, giving tough competition to other hard surfaces products. As per an industry estimate, more than 50 units are currently in operation/under construction phase focusing on large format slabs and tiles in India.

The structural shift in value-added products (GVT and DCVT) over the period has resulted in improvement in sales realization and profit margins, especially of branded players, who have an edge over the unorganized players in terms of faster product innovation and development. Going forward, new product innovations such as large sized tile slabs, thin vitrified tiles, slip resistant tiles, rustic look tiles, marble-stone-wood look alike tiles, stain repellent tiles are expected to drive the profitability.

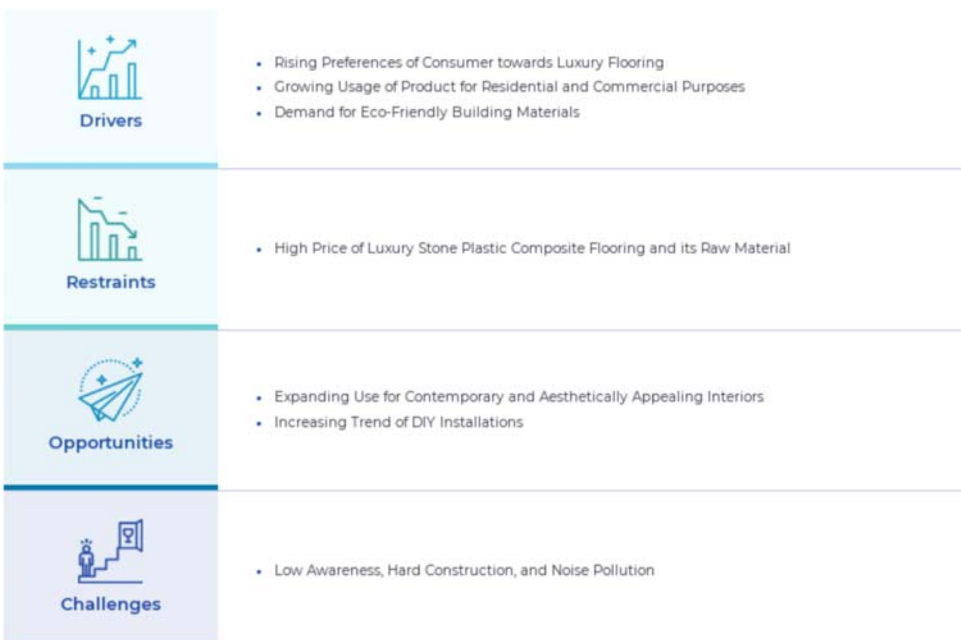
**Stone Plastic Composite Flooring Market**

**Market Insights**

**1. Market Dynamics**

The market dynamics are pricing signals created because of changing supply and demand levels in the Global Stone Plastic Composite Flooring Market. The headers of market dynamics represent the varying market environment, price factors that result from the recurrent changes in both supply and demand of any product or group of products. The course of action of the market dynamics helps deriving strategies, investment, and future developments in environment with the all the possible use cases or instances. The direct impact of market dynamics impacts the behaviour and manufacturing cost as well as consumer purchasing cost. These market dynamics are the factors derived from the political, geographical, technical, social, and economical factors. Market dynamics are derived from the parent market, however with the evolving industry scenario sometime the parent market dynamics are overridden by the child market.

GLOBAL STONE PLASTIC COMPOSITE FLOORING MARKET: DYNAMICS




**1.1 Drivers**

**1.1.1 Rising Preferences of Consumer towards Luxury Flooring**

The rising residential construction and renovation in urban centers of living and increasing consumer demand for luxury flooring is the primary factor for the growing demand for stone plastic composite (SPC) floorings. The increasing demand for high-end floor design has led to gradual shifts in consumer preferences towards luxury flooring, durable and having multiple patterns in flooring options. Modern living spaces are in great demand because they have a streamlined appearance that radiates elegance and functionality. As a result, the flooring seamlessly blends with the design while also standing up to the weather, foot traffic, and moisture. As a result, stone plastic composite flooring satisfies all of these luxury requirements while being safe and low-maintenance.

Moreover, SPC flooring favors minimalism and works perfectly with an open floor plan of modern buildings, an ideal choice for buildings requiring versatile and luxury flooring options. These stone plastic composite floorings have minimal formaldehyde and volatile organic compound (VOC) emissions and exhibit stain, fire-resistance, and anti-slippage properties. Besides, with the consumer rising preference for luxury floorings, these SPC floorings have a rigid stone composite polymer core, making them unsusceptible to water and sudden shocks ideal for bathrooms and kitchens. Moreover, consumer preference for luxury flooring increased the demand for SPC flooring as it does not fade even in UV light; thus, one can use it in rooms that receive ample sunlight.

Furthermore, stone plastic composite flooring is popular for gyms and sports centers where rigorous workouts and dropping weights are common because of its high resilience. Thus, SPC flooring provides a luxurious view as its thicker design makes it more comfortable and stable underfoot than other flooring types. Moreover, for luxurious flooring, SPC flooring is increasingly preferred by consumers to add color and multiple patterns to their homes and offices. Thus, increasing preference for luxury flooring of consumers with high disposable income and gradually increasing spending power increased the growth of the stone plastic composite flooring market.

### 1.1.2 Growing Usage of Product for Residential and Commercial Purposes

Stone plastic composite (SPC) materials are majorly used for flooring, which is affordable, rigid, and stable for residential and commercial purposes. The growing building and construction sector and substantial demand for stone plastic composite flooring trigger the overall market growth. Around 60% of stone plastic composite materials are limestone, with the rest being polyvinyl chloride, which provides the flooring its rigidity and strength. Residential SPC (4.5 mm thickness) flooring has a lifespan of approximately seven years. In contrast, commercial SPC (7.5 mm thickness) flooring has a lifespan of around 15 years, making SPC flooring superior to traditional flooring materials such as hardwood.

Consequently, stone plastic composite flooring is used in commercial properties to provide a low maintenance, easy installation, and long-lasting aesthetic look. These qualities make SPC flooring a popular choice for shopping malls, banks, and showrooms. In contrast, stone plastic composite flooring is used in residential use to provide a durable and attractive flooring option that can be installed in any house room and comes in multiple colors and styles to suit any taste. As a result, stone plastic composite flooring is widely used to construct public and private complexes and renovation and retrofitting of commercial and residential properties.

Furthermore, stone plastic composite flooring requires zero acclimation before installation and is uniquely engineered for minimal development and contraction, even in the most extreme temperatures. These diverse applications of SPC materials for residential and commercial purposes increased the demand for stone plastic composite flooring. Besides, unlike other flooring options such as cork or oak, stone plastic composite is impermeable to moisture in any form, making germs and allergies avoid it. Further, dirt and grime accumulate in the tiles' joints, causing the build-up of pathogens, which can easily be avoided with an end-to-end installation of stone plastic composite flooring in residential and commercial properties. Conclusively, the growing usage of the product for residential and commercial purposes drives the growth of the stone plastic composite flooring market.

### 1.1.3 Demand for Eco-Friendly Building Materials

The growing demand for eco-friendly building materials owing to lower maintenance costs, featuring specially-engineered design elements to lower energy consumption and support reduce energy cost. Stone plastic composite (SPC) flooring is a new type of eco-friendly flooring developed based on high technology, with zero formaldehyde, mildew proof, moisture-proof, fire prevention, pest control, and simple installation. These characteristics have boosted demand for stone plastic composite (SPC) flooring, devoid of solvents, preservatives, and other chemicals that can exacerbate allergies and asthma. SPC flooring is an environmentally friendly consideration when a homeowner's interest is a living area with fewer allergens. With the growing demand for eco-friendly building materials, this SPC floor utilizes polyvinyl chloride which is an environmentally friendly and non-toxic renewable resource. In the era of sustainable development, SPC flooring can easily be recycled and has been significantly demanded to protect the planet's natural resources and ecological environment. Besides, in December 2016, the U.S. Environmental Protection Agency (EPA), in collaboration with California Air Resources

Board (CARB), published a report on formaldehyde emissions produced domestically or imported into the United States. Later in August 2019, the EPA amended the existing rules to reduce formaldehyde emissions further. As SPC flooring has zero formaldehyde emission which further supports the demand for SPC flooring market growth with these government regulations and norms.

Furthermore, SPC flooring is the preferred environmentally friendly material for future interior spaces, suitable for flooring. SPC flooring materials use environmentally friendly formulations and do not contain harmful substances such as heavy metals, phthalates, and methanol following EN14372, EN649-2011, IEC62321, GB4085-83 standards. Moreover, SPC flooring helps to reach their sustainability goals and is seen as a safe material providing convenience, comfort, and high social value and having good sustainability credentials. To summarize, the worldwide stone plastic composite flooring market has grown significantly due to increased demand for environmentally acceptable construction materials because of their eco-friendly, recyclable, and waterproofing properties.

## 1.2 Restraints

### 1.2.1 High Price of Luxury Stone Plastic Composite Flooring and its Raw Material

The high durability, longevity, and waterproof nature of stone plastic composite (SPC) flooring have made it more viable than laminate flooring. However, the exorbitant price of SPC flooring and its raw material limestone restrains their utilization worldwide. Traditional stone plastic composite flooring, such as sheet stone plastic composite, can cost as low as USD 0.50 per square foot, while medium ranged stone plastic flooring costs around USD 2.50 per square foot on average, depending on the type of stone plastic composite flooring opted by the customer. Nevertheless, when it comes to top-end stone plastic composite flooring, including luxury stone plastic composite plank (LVP) or luxury stone plastic composite tile (LVT), prices can be a lot higher, ranging from USD 5 to USD 8 per square foot. This high-price of luxury stone plastic composite flooring is due to the high-quality water-resistant core layer and thicker wear layer. Moreover, darker colored stone plastic composite flooring tends to be slightly expensive due to the concentration of specialized pigment used. Additionally, when customers want to add a thicker layer, a more attractive design, increased UV protection, the addition of a cork underlayment, or any other feature, the price can rise rapidly.

Further, stone plastic composite typically comprises around 60% calcium carbonate or limestone. In context, recovering economies post decline in COVID cases and improved demand for calcium carbonate from the domestic construction sector has led to several raw material companies raising the price of calcium carbonate worldwide. For instance, in 2021, Omya announced increasing prices for all Calcium Carbonate products by 9%, or as customer contracts allow in the U.S. and Canada. This price adjustment resulted from the extraordinary escalation of raw material, chemical, energy, packaging, services, quarry, and logistics costs, with general inflation. Thus, the increasing price of calcium carbonate, the primary material in making the stone plastic composite, can elevate the price of SPC flooring, further lowering its market adoption. However, the proper management of raw materials and the long-term benefits of low maintenance and repair costs of SPC flooring can gradually control the price of stone plastic composite flooring and assist in overcoming this restraint.

## 1.3 Opportunities

### 1.3.1 Expanding Use for Contemporary and Aesthetically Appealing Interiors

In recent years, the stone plastic composite (SPC) flooring has been increasingly preferred due to the rising preference for contemporary and aesthetically appealing interiors in residential and commercial complexes. People worldwide are anticipated to change their interiors of homes and offices in contemporary styles, subsequently expanding the use of stone plastic composite flooring. In most buildings, the stone plastic composite (SPSC) floors, including single, double, and regular double layers, have been increasingly preferred to add color and define rooms with subtle visual cues. Thus, the adoption of stone plastic composite flooring is expected to rise with the emergence of globalization and the growing trend of the contemporary style known for its neutral elements and bold color. Stone plastic composite (SPC), which includes vinyl flooring in a broad range of colors and designs, is being developed by market players; as a result, it is preferred by people who wish to give their homes and offices an aesthetic appeal. Furthermore, the market players are also developing various stone plastic composite (SPC) flooring products to meet the growing demand due to the expansion of contemporary and aesthetic appeals in residential and commercial buildings.

### 1.3.2 Increasing Trend of do-it-yourself (DIY) Installation

The lifestyle change has resulted in a difference in the human mindset, leading to a notable trend known as do-it-yourself (DIY). The rising trend of DIY to develop eye-catching projects without any professional help is expected to increase the adoption of stone plastic composite (SPC) flooring as these can be easily installed. The DIY trend has been allowing homeowners to execute the task of flooring by themselves with the help of stone plastic composite (SPC) flooring as they can be easily placed on top of many different types of subfloors or existing flooring. Most of the DIYers are significantly preferring stone plastic composite (SPC) flooring as these eliminate the need for complicated glues, thereby expanding the market growth. Additionally, stone plastic composite (SPC) vinyl floors are generally less expensive than other types of luxury flooring, such as hardwood and stone; as a result, homeowners are anticipated to install the floors without professional assistance to save additional savings.

Additionally, in the developing regions, the growing population of working women and their participation in the decision-making process for home decoration are also expected to boost the adoption of DIY home improvement products, including stone plastic composite (SPC) floorings. The use of DIY installations for the stone plastic composite (SPC) floorings lowers long-term costs compared to hiring expensive personnel. Therefore, the adoption of DIY installations for stone plastic composite (SPC) floorings products will expand the scope of the market in the coming years. Apart from these, millennials and younger generations are increasingly adopting the DIY trend as it helps develop problem diagnosis and problem-solving skills. Besides, the DIY trend boosts cognitive abilities and serves as a powerful family-bonding activity, as a result, expected to increase the scope of the market. Moreover, the homeowners are seen engaging in the DIY installation for stone plastic composite (SPC) floorings to enhance their living space to keep them entertained during the lockdown situation. To summarize, the increasing trend of DIY installations is expected to serve as an opportunity to develop the stone plastic composite (SPC) floorings market in the coming years.

### 1.4 Challenges

#### 1.4.1 Low Awareness, Hard Construction and Noise Pollution

Consumers primarily choose SPC flooring due to its durability and sound-proof feature. However, low awareness of SPC flooring among some consumers, the hard foot nature of the flooring, and noise pollution caused by it pose challenges to the use of SPC flooring. In context, some consumers haven't recognized flooring as a necessary component of the decoration, thereby considering plastic products as they give the consumers a sense of cheapness. Apart from this, some consumers who are highly interested in glamorous and luxurious flooring prefer traditional or wood-based flooring, further reducing the utilization of SPC flooring. Additionally, the SPC floor is fitted on a thin floor with high ground flatness; thus, the ground flatness inaccuracy can lead to difficulty in paving the SPC floor using the typical ground leveling method, leading to a dissatisfactory appearance and average decoration effect of the flooring.

## 2. Cumulative Impact of Covid-19

Coronavirus (COVID-19) outbreaks have severely disrupted the economy, devastating global trade effects, and simultaneously affected households, businesses, financial institutions, industrial establishments, and infrastructure companies. Construction, transportation, and building projects worldwide have been jeopardized in various ways by the COVID-19 pandemic, and many projects have closed. As a result, associated industries, such as the flooring sectors, have encountered various challenges in practically all nations, resulting in rising unemployment. Consequently, the demand for stone plastic composite flooring dramatically reduced in the first COVID-19 wave due to halted and closed various commercial and residential projects. Moreover, the government has been compelled to impose various restrictions on transportation and movement, hampering the manufacturing and delivery of SPC flooring products.

Nevertheless, the market gained momentum in the second COVID-19 wave, which was attributed to opening various nations' economies and relaxing lockdown and quarantine norms. The stone plastic composite market faced multiple supply chain challenges in response to the production due to the unavailability of raw materials, limited workforce, and stringent working guidelines. However, the manufacturers are implementing various sustainable strategies by collaborating with other prominent firms and local suppliers to strengthen the growth of the global stone plastic composite flooring market

**Impact on Demand:**

The demand for stone plastic composite (SPC) flooring has drastically declined in the initial quarters of 2020 due to imposed restrictions by different government agencies throughout the globe. Most SPC flooring manufacturers experienced a 30 to 40% drop in demand in March 2020 and a subsequent decline by 30% in the following months. Moreover, the government was forced to take various precautionary measures, including lockdowns, curfews, social distancing, and border closure leading to the suspension of various construction activities. As a result, the need for flooring products such as stone plastic composite flooring has been reduced for various commercial and residential projects. Further, due to remote working in various IT organizations, the need for SPC flooring in office spaces has decreased dramatically. In addition, most significant construction projects worldwide have come to a halt, resulting in lower demand and impacting market growth in 2020. However, as the lockdown measures were lifted, the demand for SPC flooring reached halfway with a steady re-opening of retail stores coupled with the residential sector's demand.

Moreover, increased spending of time at home has made consumers include an authentic aesthetic feature in their houses, resulting in partial or complete home renovation projects, which augments the demand for SPC flooring in the post-COVID times. People are also inspired to do DIY projects for their home decor in the COVID-19 crisis, resuming the need for the SPC flooring items. The sales of SPC flooring are trending very positively and remain in progress due to their ease of installation and cleanability. Subsequently, the stone plastic composite flooring market gained momentum in mid-2021 and is expected to reach normalcy by the end of 2022.

**Impact on Supply:**

The stone plastic composite flooring market has faced numerous complications in the supply chain amid the widespread of the COVID-19 virus. The imposition of lockdowns, stringent government guidelines for border closure, and transportation impacted the delivery of SPC flooring across different regions. The dearth of critical raw materials such as calcium carbonate (limestone), polyvinyl chloride, and plasticizers have disrupted the production line of the SPC flooring. Moreover, the current logistic crisis in the SPC flooring industry has been worsened by a shortage of labor resources at plants and ports due to stay-at-home and quarantine laws. The already intricate model was further complicated by the temporary closure of the Suez Canal and a substantial decline in easily accessible, locally made items owing to raw lack of raw materials. Eventually, the market took a downturn with a greater impact on the market factors, primarily due to the initial prevalence of COVID-19 in China.

On the contrary, most vendors' started manufacturing SPC flooring products in their local markets to stay sustainable during the COVID-19 crisis. However, this measure was hampered by a shortage of standard raw materials, resulting in a massive loss for vendors in the first and second quarters of 2020. Nevertheless, vendors are re-evaluating their supply chain, logistics, and distribution channel to get adequate raw materials and maintain the production line of the SPC flooring products.

**Impact on Pricing:**

The cost of stone plastic composite flooring marginally raised in the COVID-19 times due to shutdown of the production activities and transportation disruption across the globe. With an industry-wide backlog that will take time to improve, strong supply and demand have led to price increases on all flooring categories. Moreover, a limited workforce, unavailability of raw materials, and stringent working guidelines have increased the expense of the SPC flooring production, raising the price of the end consumer products. Between the pandemic and its effects and the reinstatement of tariffs on some SPC products made in China, the resilient segment faced more challenges in 2020.

**Vendor Strategies:**

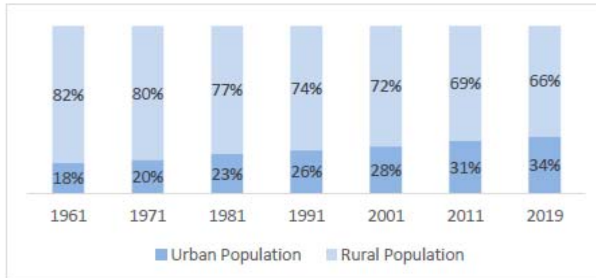
Manufacturers such as Power Dekor (S) Pte Ltd. and Armstrong Flooring are presenting advanced flooring solutions that enhance the air quality of interiors and uphold the market's growth. Vendors focus on antimicrobial and antibacterial flooring products that are aesthetically superior and very easy to install and maintain. Market players of SPC flooring are implementing COVID-19 safety measures to safeguard their employees and staff from the deadly virus. Moreover, market players are collaborating with native vendors for a continuous supply of the necessary raw materials, sustaining the production plants in the COVID-19 difficult times. Companies including LG Hausys Floors are increasingly partnering with distributors and suppliers to enhance their geographical presence and profitability. Manufacturers maintain profitable cash flow management and financial stability to uphold their SPC flooring business in crisis time. The market for stone plastic composite flooring has grown due to continuing mergers and acquisitions. Organizations are also advertising their products on digital platforms to reach a wider audience for SPC flooring installation.

*Source: 360i Report on Stone Plastic Composite Flooring Market*

**DEMAND DYNAMICS**

Tiles demand largely dependent on the real estate construction activity happening in the country, used as wall and floor finishing material. Wall and floor tiles are used in the residential as well as commercial real estate segment, including office spaces, retail, and hospitality (hotels) sectors.

Tile demand supported by increased construction activity in the country and the increasing rate of urbanization, which increased to 34% in 2019 as compared to 28% in 2001 of the total population. Moreover, the replacement demand, which is estimated to about 15-20% of the total demand, is also at an uptick with increasing household stock. As per census 2011 data total housing stock in the country is estimated to be 331 million, of which 306 million is occupied (about 92%).



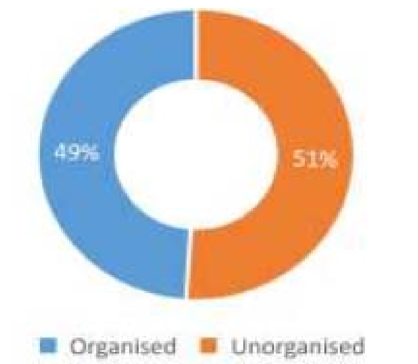

Source: Ministry of Housing and Urban Affairs, ICRA research

**GOVERNMENT INCENTIVES**

The real estate construction activity is also aided by the affordable housing segment, which has witnessed a pick-up in the recent years, driven by various Government initiatives and programmes. The key measures taken include - infrastructure status for the affordable housing segment, relaxation of eligibility criteria for tax exemption, developers brought under Section 80IBA and increase in allocation for the Pradhan Mantri Awas Yojana (PMAY) programme, which plans to build 1.12-crore houses by 2022. To match the expected growth in supply in the affordable segment, measures have also been taken by the Government to improve affordability for the end consumers, especially in the economically weaker section (EWS) and the lower income group (LIG) by providing a credit-linked subsidy.

Further, to improve the physical and social infrastructure across the cities of India, the Smart City Mission was launched in June 2015. The mission intends to provide core infrastructure to the citizens of the city in a sustainable, cleaner and smarter way, i.e. with the use of technology as much as possible. The Smart City Mission has a five-year horizon and will cover 100 cities. The mission will establish/create model cities that may be replicated within and outside the shortlisted smart cities, facilitating the creation of new cities on similar lines. Going forward, the domestic demand for tile will largely be dependent on the broad-based recovery in the residential real estate sector and success of Government initiatives like Housing for All by 2022, Smart Cities and Clean India programmes in the medium term. Moreover, the Government initiatives like Housing for All by 2022, Smart Cities and Clean India programmes will continue to support the tile demand in the medium term.

**MARKET OUTLOOK**




*Source: Industry sources, ICRA research*

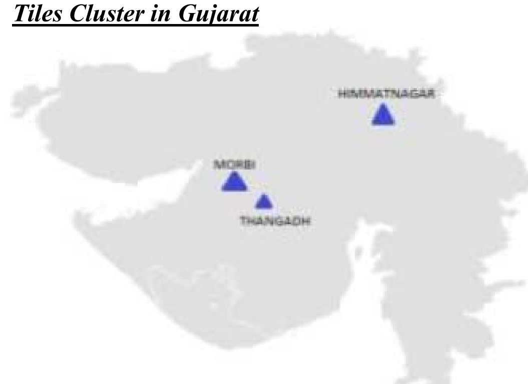
The tile manufacturing sector in India comprises various small family-owned companies and a handful of large integrated players, which together lends the industry its fragmented nature. The tile market is estimated to be split equally between these two classes of players. The organized segment (represented by large integrated companies) and the unorganized segment (represented by family-owned smaller companies) have 50% market share each.

The organized segment comprises 10–15 large integrated players with pan India presence. These companies have economies of scale, a wide dealer network enabling its reach across the country and a portfolio of branded products. These attributes have helped the organized segment set up its market share in the industry. The unorganized segment comprises small family-owned enterprises operating mostly in dedicated manufacturing hubs, of which Morbi in Gujarat has the largest share. These companies have relatively smaller economies of scale, limited geographical presence and unbranded or regional branded products.

***Morbi cluster accounts for 75-80% of India's tiles production***

Gujarat has three tiles' clusters – Morbi, Thangadh and Himmatnagar. The Morbi cluster is the largest tiles manufacturing zone in India. Morbi accounts for 75-80% of India's tiles and sanitary-ware products in volume terms with more than 900 tile factories, of which more than 200 units are for manufacturing vitrified tiles. In recent years, Morbi-based players have implemented the latest technology equipment to improve the quality and meet global standards. Many leading tiles companies are outsourcing their requirements from Morbi either through joint ventures or contract manufacturing.

***Tiles Cluster in Gujarat***




Morbi manufacturers have implemented effective cost management through Common technical resources and critical spare parts; available in the case of abrupt plant failure and multi-fuel technology kilns, which can move to natural gas or LPG depending on their price movements.

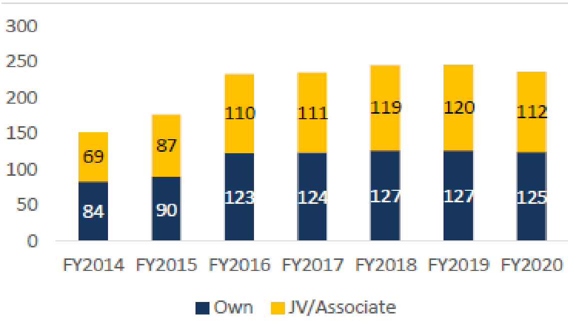
***Capacity augmentation through inorganic growth***

In the past, most emerging players have opted for the latest technology machineries for critical tile manufacturing processes in vitrified tiles which has led to a significant improvement in the overall product quality. Considering the improvement in product quality, leading tiles companies expanded inorganically by entering into joint ventures or outsourcing their requirements to smaller unorganized players.

Installed capacity of five large listed players (msm)

Total installed capacity of five large listed players have increased to 247 million msm in FY2019 from 152 msm in FY2014, reflecting an increase of 95 msm, out of which 55% of the incremental capacity is through joint venture or associate concerns.

At present, 47% of the installed capacity of large listed players have been acquired through a JV or a subsidiary. Majority of the JVs and contract



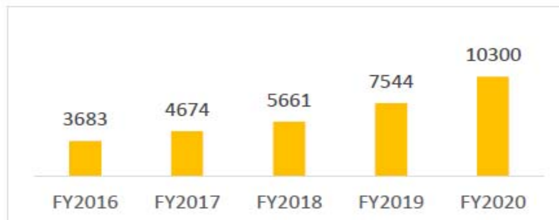

*Source: Annual Reports, ICRA research*

manufacturing tie-ups have been made with Morbi based players.

***Import and Export***

In India, imports primarily affect South India as the shipping costs from China to South India are lower than the cost of transporting from Gujarat by road. Local manufacturers have faced stiff competition in this large geography. However, post a decline in Chinese imports, this geography has been open to the domestic players.

Exports from India grew at a CAGR of ~30% over FY2016-FY2020, primarily because of the levy of anti-dumping duty on import from China by other foreign countries such as Europe, South American countries and the US. The decline in exports from China, provided the opportunity to Indian players to showcase their quality products and capture the lost share of Chinese players.

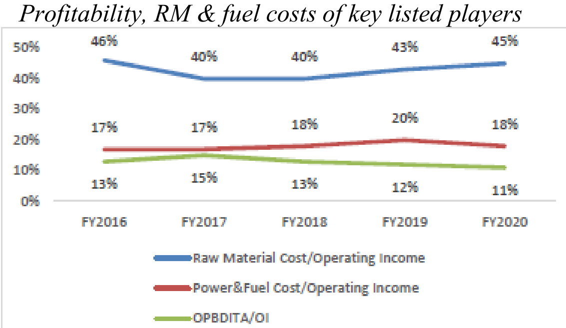



*Source: DGFT, ICRA research*

Going forward, Government intervention regarding anti-dumping duty on imports from China remains critical from the credit perspective of the tiles industry, especially unorganized players as cheaper import substitution may lead to significant loss in revenue. Further, other foreign countries' strategy with respect to China also remains equally critical for players predominantly present in the export markets. Furthermore, any imposition of ADD on Indian tile players may adversely affect the competitiveness of domestic tile players and will remain the key credit issue as it may impact the export revenues significantly.

***Raw Material and Fuel Price Fluctuations***

*Profitability, RM & fuel costs of key listed players*




*Source: Industry, ICRA research*

Raw material and power and fuel costs are key cost determinants for a tile manufacturing company forming ~40%-50% and ~15%-20% respectively of the total operating income of a typical tile player. With limited control over the input costs, the ability of a company to pass on any adverse movement in prices to its customers remains important, considering the heightened competitive pressures.

The key raw materials required in tile manufacture are clay, feldspar, glazing material and frit which are abundantly available in Gujarat and Rajasthan. The concentration of tiles players in the state of Gujarat results in low risks with respect to accessibility and transportation of raw materials. Electricity and heat are two forms of energy used in tile manufacturing. While electrical energy is used to drive motors and other electrical equipment, thermal energy (natural gas or producer gas) is used in the kiln and spray dryers. Apart from these two fuels, diesel is burnt in diesel generators. To ensure consistency of supply, majority of players have entered into fuel linkage agreements with the petroleum/energy companies for supply of natural gas.

## GOVERNMENT REGULTIONS AND POLICIES

***Anti-dumping duty on China improved the competitiveness of domestic players***

While the tile industry faces no direct Government regulations, the domestic consumption faces stiff competition from low-cost international players like China. Hence, the Government's policies on imports and levy of anti-dumping duty play a pivotal role in maintaining the demand-supply gap. After analyzing the industry impact and to encourage domestic manufacturers, the Union Government of India has renewed the anti-dumping duty (currently of US$1.87 per square meters) on all vitrified tiles imported from China in March 2016 for a period of five years, which has had a positive effect on the industry (earlier there was a provisional anti-dumping duty, which was valid up to September 2016). Further, anti-dumping duty imposed on China by the European Union (imposed in 2011 for a period of 5 years and renewed in November 2017 for a further 5 years), Korea and Brazil is expected to support Indian exports. Any unfavorable change in the anti-dumping duty structure or its withdrawal would be detrimental for the domestic industry players.

***Imposition of anti-dumping duty by Gulf Cooperation Council on India's exports likely to affect profitability, export volumes in medium term***

The Gulf Cooperation Council (comprising member states of the Kingdom of Bahrain, the State of Kuwait, the Sultanate of Oman, the State of Qatar, Kingdom of Saudi Arabia, and the United Arab Emirates) initiated an anti-dumping investigation on imports of ceramic tiles from China, India and Spain on November 05, 2018. The investigation followed complaints received from the local ceramic players in the Gulf nations who cited severe pricing pressure and market share loss due to cheaper imports. India, under its foreign trade policy, provides incentives to tiles exporters – 3% under the Merchandise Exports from India Scheme (MEIS) and 2% duty drawback under the Export Promotion Capital Goods (EPCG), which the companies in the Gulf consider to be heavily subsidized. Around 199 Indian companies had co-operated in the investigation.

On April 30, 2020 the GCC finalized anti-dumping duty on ceramic tile exports from India and China for a period of five years effective from June 06, 2020. The Indian companies which co-operated in GCC's investigation have been imposed with an average duty of 41.2% (others have been imposed with 106% duty), while duty on Chinese exports is lower at an average of 23.05%. Exports to the GCC countries formed 35% of India's ceramic exports in FY2019 and 37% in FY2020 in value terms. Any dent in export volumes and profitability could lead to diversion of the production to the domestic market, causing a supply glut. In the current fiscal, however, export volumes have received an impetus given the incremental demand from Europe, USA, Australia and Africa due to anti-china sentiments and production cuts in Spain and Italy.

***Shift to piped natural gas following NGT order on shutdown of coal-based gasifier***

In March 2019, the National Green Tribunal (NGT) ordered an immediate shutdown on captive coal gasifier plants, which was expected to impinge the cost structure of the tiles players along with elongation of their working capital cycle. While the tightened pollution control norms and strict surveillance on its adherence had already dissuaded most of the organized players from using coal-based gasifiers the smaller organized players and the unorganized players who were operating on coal-based gasifiers were anticipated to be impacted by the NGT order. In April 2019, a price hike of ~10% was announced by the Morbi Ceramic Association to protect the profitability of players following the shift to natural gas. The price hike was expected to enhance the profitability of players already operating through PNG, however, the same did not materialize with companies passing on the benefit to garner market share amid demand slowdown. As per discussion with channel players the effective price hike remained at ~3-5%. It has led to a moderate impact on the working capital cycle as the credit period extended by coal suppliers ranges from 30 to 45 days, while for PNG suppliers, the payment needs to be done within a fortnight.

*(Source: ICRA Report)*

***Increase in transportation and shipping costs***

Indian Ceramic Tiles industry has been a leading exporter of tiles globally. With imposition of anti-dumping duty on Chinese tiles by USA and some of the western markets, India has emerged as a strong alternative globally. Also, due to low cost of production, increasing focus on quality enhancement and deployment of world class technologies, Indian manufacturers have been able to dominate the exports markets from past few years. However, post outbreak of pandemic, there has been sharp increase in the container and shipping freights globally led by multiple factors including lower inward of containers, increase in fuel costs, etc. This has resulted into slowdown in exports from India despite of manufacturers having robust order book.

***Increase in Fuel Prices***

Ceramic Industry players in India rely on natural gas for firing of kilns to manufacture ceramic tiles. Natural gas accounts for approximately 30-40% of the production cost of the tiles and hence plays a significant role in driving the prices of the products. Over past more than one year, Natural Gas prices have witnessed significant hike on the wake of global volatility in the LNG prices, leading to heavy impact on cost structure and end pricing of the tiles. Similarly, prices of coal, used as a fuel in spray drying and allied processes in manufacturing of tiles, have also been going up significantly due to impact on global supplies. This has collectively impacted the manufacturing margins of the ceramic tiles players in recent times.

India continues to be the second largest producer and consumer of tiles in the world after China. The domestic industry size was estimated at around Rs. 280-300 billion, with the share of organized and unorganized players (majority of them based out of Morbi cluster) at 50% each. The Morbi cluster in Gujarat is the largest tiles manufacturing zone in India, accounting for 75-80% of India's tiles and sanitary-ware products in volume terms, with more than 900 tile factories in the region. The overall competitive intensity for the industry remains high because of the fragmented industry structure with a large number of unorganized players, resulting from low entry barriers with respect to easy access to the latest technology and moderate regulatory requirements.

The Indian tiles industry grew at a CAGR of 9% in the last 10-year period over FY2008-FY2019, with an increase in real estate construction activity and overall infrastructure development, in line with the rising urbanization. However, industry growth slowed down to the lower single digit in the last two to three years, primarily due to a slowdown in real estate, its key consuming sector. The domestic demand has been impacted over FY2018 - FY2020, with the implementation of the Goods and Services Tax (GST) and the Real Estate Regulation and Development Act (RERA), which resulted in a significant drop in new launches in residential real estate for the period. In volume terms, domestic consumption declined by 3% and 1% in CY2017 and CY2018. Despite poor housing demand, the industry managed to control any significant downturn, because of the rising exports, replacement demand and spending by the Government on infrastructure under various schemes. The revenues of the tile players were also affected due to a decline in sales realizations, especially in the vitrified tile segment, owing to large capacity additions in the recent past and muted domestic demand. Nevertheless, the industry players are now cautious and going slow on new capacity addition. As per the Morbi Tile Association, the number of upcoming units in the region was down to 20-25 in FY2020 compared to 120 units in FY2017-FY2018.

The domestic tiles demand was already under pressure over the last two to three fiscals amid a prolonged slowdown in the real estate sector, with the overall domestic consumption declining for the first time in CY2018 in the last decade. The pandemic is expected to further exacerbate the weakness in domestic demand, following the negative impact on its end-consumer industry, real estate sector, given the slowdown in project execution and new launches. The replacement demand is also expected to remain muted due to weak consumer sentiments. Given that the demand recovery is expected to be gradual, domestic sales are likely to be severely impacted in H1 FY2021. Industry wide revenues in Q1 FY2021 declined by almost 55-65% on a YoY basis, due to lower demand and supply chain disruptions. The plants were also shut for almost two months (April and May) due to the lockdown and labour shortage during the quarter. The operations resumed from June 2020 and witnessed a gradual recovery in both domestic and export demand, with current capacity utilisation of 60-70% industry wide. As per the industry players, recovery, post the lockdown is better-than-anticipated due to incremental order inflows from Tier 2 and Tier 3 cities, wherein the impact of Covid-19 was short-lived and construction activity is back to normalcy. Nevertheless, sustainability of such recovery, will largely hinge on a sharp recovery of the key consuming sectors and absence of any further disruption in the near future.

## 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 Draft 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 20, 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 132 and 209, 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 Financial Statements and Limited Reviewed Financial Statements.*

*Unless the context otherwise requires, in relation to business operations, in this chapter of this Draft Letter of Offer, all references to "we", "us", "our" and "our Company" are for Asian Granito India Limited as the case may be.*

### OVERVIEW

Our Company was incorporated in the year 1995, began its commercial operations of manufacturing tiles in the year 2003 and since then Company has grown creating a cluster of integration within itself and its associate concerns. Our Company is engaged in the business of manufacturing tiles, vitrified and ceramic, and cater to an consumers through a range of products at various price points including polished, double charged, glazed, unglazed, rustic, matt, homogenous and non-homogeneous body, etc. Our Company also manufactures engineered marble and quartz stone with varied thickness, design, shape and colour range to cater to the middle to upper-middle segment.

In 2019, our Company forayed into the business of bath-ware range to diversify its product portfolio and strengthen the domestic and international markets reach supported by large penetration opportunities offered by the segment. The Company manufactures some of the products on contractual basis and imports some of the products. Bath-ware range includes faucets and sanitary ware such as wash basins, urinals, one piece and wall hung water closets, among others with features like anti-bacterial, twin flushing technology, scratch, chemical and stain resistant, etc.

Over the years, we have made continuous investments in our manufacturing infrastructure to support our product portfolio requirements and reach. Our capabilities as a company include internal R&D expertise, manufacturing capabilities, a quality assurance system, production designing experience and marketing and distribution relationships. Our compliance with the internal quality control and international standards of quality, has enabled us to expand our operations internationally to countries including China, Israel, United States of America, Germany, Spain, Italy, Korea, Thailand, Myanmar, Canada, Indonesia, Australia, Bangladesh, Vietnam, Brazil, GCC Countries, Kenya, etc. Apart from manufacturing products for our dealers and distributors, we are also selling to builders, government supplies, project customers and overseas customers.

Our Company along with its subsidiaries, own 5 manufacturing facilities at multiple locations in the state of Gujarat. Our strategic location enables us to procure key raw materials from the quarries in Rajasthan at cheaper costs. All the units have a combined installed production capacity of 2, 24, 26,500 square meter as on February 15, 2022. The Company has also installed wind power generator to augment the power requirements of the aforesaid manufacturing facilities thereby reducing the usage of fossil fuel. To ensure supply of products meeting the applicable and industry recognized standards, we have set up quality control facilities at each unit, which consists of our quality assurance and quality control teams who check and conduct various tests on the products at various stages starting from the raw materials procured to the finished products manufactured by us. All our facilities are supplemented by our utilities, such as water, power, effluent treatment plant, etc. which makes it an important link between all our facilities.

***Manufacturing Facilities***

Our Company currently owns five manufacturing facilities and one windmill in Gujarat.

- Plant I is located at Dholka, Gujarat and is used for manufacturing Ceramic Wall Tiles.
- Plant II has three units located at Dalpur, Himmatnagar and is used for manufacturing Ceramic Wall Tiles, Glazed Vitrified Tiles, Engineered Marble and Quartz Stone.

- Plant III is located at Idar, Sabarkatha and is used for manufacturing Ceramic Floor Tiles.[(1)]

*[(1)] Land owned by Kamleshbhai Bhagubhai Patel, Jivabhai Mukeshbhai Patel, Lalabhai Vinodbhai Patel, Danjibhai Hasmukhbhai Patel, Bhikhabhai Kanubhai Patel, Bhikhabhai Bhogibhai Patel and given on lease to the Company.*

Our Plant II and Plant III are ISO 9001:2015 and ISO 14001:2015 certified. Our Company is CE compliant and SASO certified. Each of our manufacturing facilities has the ability to manufacture various range and sizes of tiles and products can be inter-changed to address the requirements of customers.

Our two manufacturing units situated at Dalpur, Gujarat and Mehsana, Gujarat are operated through our material subsidiaries, namely Amazoone Ceramics Limited and Crystal Ceramics Industries Limited respectively.

Our Company has installed wind power generator to augment the power requirements of the aforesaid manufacturing facilities thereby reducing the usage of fossil fuel. This power is generated through wind mill which is situated at Kutch, Gujarat.

We also manufacture products through job work basis for which our Company has entered into contracts with vendors for manufacturing at their respect facilities.

Our Company commenced its manufacturing operations of Vitrified Tiles in unit situated at Dalpur in the year 2003. This unit was enhanced to manufacture Wall Tiles in the year 2007 and engineered marble in 2011. In 2013, our Company further expanded and setup a new unit in Dholka for Wall Tiles. The units are equipped with machinery purchased from Italy, China, India, etc. and also contains a range of testing equipments. All the said units are equipped with facilities such as water jet cutting technology, online vitrification, digital colour printing machine, pressing, drying and heating with waste heat utilization plant, effluent treatment, nano filtration, evaporator, etc., wastewater reuse and recycle, etc.

Since incorporation, it was our Company's vision and focus to manufacture and supply quality products to our customers, which has enabled us to expand our business operations globally. We have set up a quality control facility ("Quality Control Facility") in all our manufacturing units which carries out tests on the materials received including raw materials which are used in the manufacturing process and also on the final products. Our Quality Control Facility also carries out tests through the stages of our manufacturing processes to ensure that the quality is maintained throughout the process.

We work under the guidance of our Promoter and Managing Director, Mr. Kamleshkumar Bhagubhai Patel and Mr. Mukeshbhai Jivabhai Patel, who have experience of more than two decades in the tile industry and have been associated with our Company since its incorporation. They, along with the other Executive Directors have been instrumental in evolving our business operations, growth and business prospects.

Our consolidated revenues from operations for nine months ended December, 2021 and for the year ended on March 31, 2021 and March 31, 2020 were ₹ 108,537.73 Lakhs, ₹ 1,29,229.94 Lakhs and ₹ 1,22,453.47 Lakhs respectively. Our consolidated EBITDA for nine months ended December 31, 2021 and for the year ended on March 31, 2021 and March 31, 2020 were ₹ 9,550.82 Lakhs, ₹ 13,595.24 Lakhs and ₹ 11,769.78 Lakhs respectively. Our consolidated profit after tax for nine months ended December 31, 2021 and for the year ended on March 31, 2021 and March 31, 2020 were ₹ 8,052.61 Lakhs ₹ 5,760.91 Lakhs and ₹ 4604.58 Lakhs respectively. For further details, please refer to the section titled *"**Financial Statements**"* on page 132 of this Draft Letter of Offer.

***Corporate Structure***

As on the date of this Draft Letter of Offer, our Company has five (05) wholly owned subsidiaries, which are AGL Industries Limited, AGL Global Trade Private Limited, AGL Sanitaryware Private Limited, AGL Surfaces Private Limited and Future Ceramic Private Limited.

Powergrace Industries Limited is a wholly owned subsidiary of AGL Industries Limited and Gresart Ceramica Private Limited is a subsidiary of Amazoone Ceramics Limited making them both as step-down subsidiary of Asian Granito India Limited.

Further, our Company holds a shareholding of 97.77% in Amazoone Ceramics Limited and 70.00% in Crystal Ceramic Industries Limited, thereby making both of them subsidiaries of our Company.

***Impact of COVID-19 on our business operations***

In late calendar 2019, COVID-19, was first reported in China. Since then, the virus has progressively spread globally to many countries. The pandemic outbreak caused an economic downturn on a global scale, including closures of many businesses and reduced consumer spending, as well as significant market disruption and volatility. The demand for our products is dependent on and directly affected by factors affecting industries where our products are applied. Our products are typically supplied in real estate sector and there was a global slowdown in project execution and new launches.

The lockdown did not halt operations within our factories after Central Government lifted partial restrictions since most of the factory employees were stationed within and nearby premises of our manufacturing facility. Thus, the factories were running at 75% - 90% capacity after lockdown. However, the retail sales were hampered and large quantities of export and domestic finished goods was stored at our warehouses. We faced increased inventory levels during the first two months of the pandemic. Additionally, due to lock down in metro cities, demand for marble and quartz in domestic market dipped which has now started to improve. International market has continued to stay robust with respect to demand. For the nine month ended December 31, 2021, utilization capacity of our plants was 85%.

COVID impacted the movement of goods and services across the world from the first week of March 2020 and there was container shortage from China. Therefore, the material movement was hit which gradually picked up from May 2020. Domestic transport on the other hand was operating normally with no Government hindrances after some of the restrictions were lifted. Finally, USA - Department of Commerce imposed anti-dumping and countervailing duties on China in the range of up to 350% on tiles and up to 750% on quartz slabs exports to USA. This opened huge opportunities for exports to USA which was seized by our Company to cover for the turnover decline.

Further the impact of the ongoing pandemic, particularly the second wave and more communicable strain of the virus that has affected India in April, 2021, also resulted in an adverse impact on our operations, since our factories were partially operational. We also incurred and may continue to incur additional expenses in complying with evolving government regulations, including with respect to social distancing measures, safety norms, and sanitization practices.

Amidst Covid-19 Pandemic, our Company managed to take proactive steps to ensure that the business lost was regained in the forthcoming quarters and we continue to closely monitor the impact that COVID-19 may have on our business and results of operations.

## OUR COMPETITIVE STRENGTHS

### A. State-of-the-art manufacturing facilities with strong focus on design and quality

Our Company owns five manufacturing units established in Gujarat which have a combined installed production capacity of 79,600 sq. mt. per day as on December 31, 2021. Our manufacturing facilities are integrated from raw material handling to finished goods, warehousing process, and are equipped with technology/machineries such as Kiln, Spray Dryer, Press, Digital Printing, Glazing Line, etc. enabling us to manufacture various sizes of products, minimize human labour involvement and achieving cost efficiencies. Our machineries are imported as well as domestically procured and match the international quality standards. Our Company has in-house research and development department to facilitate new varieties in addition to facilitating conducting of tests and analysis of various products. Our facilities are multi-purpose that are designed to allow a level of flexibility enabling us to manufacture various sizes of our products and provide us with the ability to modify and customize our product portfolio to address the changing requirements of customers with minimal future capital investments. Over the years, our Company has made continuous investments in our manufacturing infrastructure to support our product portfolio requirements and reach. Our Company expects to continue to further develop the technological systems and improve the processes to increase asset productivity, operating efficiencies and strengthen our competitive position.

### B. Wide product portfolio of more than 1,400+ designs

Over the period, we have gradually diversified, expanded and evolved our product portfolio from being a pure play wall tiles player to offering ceramic floor tiles, glazed vitrified tiles, polished vitrified tiles, engineered marble & quartz stone, and bathware solutions providing an integrated set of surfaces and bathware solutions to our customers creating brand recognition and recall. Today, our product portfolio consists of more than 1,400+ designs, categorized into various series and available in multiple sizes. In addition to our in-house product development team, we continuously engage with our network partners like dealers, distributors and customers to gain enhanced understanding of ongoing trending patterns, prevalent sizes and types of materials being looked for by the end users. We engage in continuous product development and introduction of new designs to keep up with the trends and meet our customer requirements. We have an in-house laboratory for quality control purpose and we believe that focus on innovation and quality are the key strengths for our success over the years. We believe that maintaining a wide range of designs and offering various sizes of our products in our business provides us with an opportunity to cater to diverse needs of different customer segment and capture higher market share.

**C. Widespread sales and dealers network of 2700+ backed by 310+ showrooms**

Our marketing model for our domestic and export operations is majorly divided into supply of our products through dealer-distribution network, supply of products for infrastructure related projects, to government as well as private enterprises and to private customers. We have 2700+ registered dealers including sub dealers across the globe and have PAN India presence. We also facilitate display and sales from our owned as well as rented showroom in addition to setting up our Company's exclusive dealer's showrooms. As on date, our Company has 310+ showrooms across the country which includes 299+ franchise-owned and franchise operated (FOFO) exclusive showrooms and 12 company-owned and company-operated (COCO) display centres. We believe our dealer relationships are led primarily by our ability to develop new and trending designs, meet stringent quality and technical specifications and providing better pricing and delivery terms than that of our competitors. As a result, we have a high customer retention and have been manufacturing products for our customers. Our dealers' network is aided by our in-house sales and marketing team which liaise with the dealers on a regular basis for customer inputs, market demands, design improvements, new product development, as well as positioning of our products vis-à-vis products of our competitors**.**

**D. Experienced management and dedicated employee base**

We are led by a group of individuals, having a background and experience in the ceramic industry. Our promoters and directors have been associated with us since the inception and has an experience of more than two decades in the tile industry. Their individual industry experience enables us to anticipate and address market trends, manage and grow our operations, maintain and leverage customer relationships. We have an experienced and professional management team with execution capabilities. The team comprises personnel having technical, operational and business development experience. We have employed suitable technical and support staff to manage key areas of activities allied to operations. Our team is well experienced in this industry and has been responsible for the growth of our operations.

We believe the stability of our management team, the industry experience brought in coupled with their repute and relationships with various stakeholders, will enable us to increase our operating capabilities, improve the quality of our products, continuously upgrade our processes and designs and continue to take advantage of future market opportunities and expand into new markets in the ceramic industry

**E. Strategic Proximity and well connected to raw material sources and customer locations**

The raw materials used in our production processes comprise, amongst others, clay, quartz, dolomite and feldspar. All these key raw materials are available in large quantities in the neighboring state of Rajasthan. Our units are based across the state of Gujarat, which are easily accessible by road. Proximity to raw materials enables us to maintain cost efficiency thereby enabling us to maintain lower inventories of raw materials. Additionally, the state of Gujarat is well connected through multiple transportation mediums, providing ease of mobility for our products to reach our touch points on time.

**F. Efficiency of the production processes**

We are equipped with one of the most modern technologies at our manufacturing facilities. We have adopted technologies of international standards procured from global suppliers. We are focused on monitoring labour and productivity related issues and have also adopted a policy of constant improvement across the major processes. In addition, we use Management Information Systems ("MIS") tools for monitoring our efficiency in operations. On regular basis, our trained and experienced manpower endeavor to improve the production process to deliver maximum efficiency through optimum utilisation of resources. We also believe that by following a worker friendly policy we have developed cordial relations with our work force which has also helped in ensuring smooth production process in our facilities.

## BUSINESS STRATEGY

To achieve our publicized vision to be a global leader in providing innovative lifestyle solutions and to long term create stakeholder value. We plan to implement the following strategies:

**a) Setting up of new manufacturing units to expand our premium**

As part of our strategy to achieve margin expansion and enhance our offering of premium and value added products, our Company has planned the following new manufacturing units:

**GVT Plant:** Our Company has incorporated a wholly owned subsidiary in the name of Future Ceramic Private Limited (FCPL) to manufacture large format Glazed Vitrified Tiles (GVT) in 800x1600 mm and 800x2400 mm formats. Over the past few years, Indian Ceramic Tiles industry has significantly evolved and penetration of GVT has been increasing in the domestic market in addition to large opportunities lying in the exports markets. Currently, our Company manufactures GVT at our manufacturing facility at Dalpur as well as at the manufacturing facility of our subsidiary Company Amazoone Ceramics Limited, in addition to sourcing from third party manufacturers. To further expand our manufacturing capabilities in the GVT segment, our Company has planned to set up a new manufacturing facility at Morbi, Gujarat with an installed capacity of 6.6 million square meters of GVT tiles per annum. For further details on the estimated costs, please refer "*Objects of the Issue*" on page 53 of this Draft Letter of Offer.

**Sanitaryware Plant:** In order to reduce our dependencies and higher costs of sourcing of sanitaryware products from third party manufacturers, our Company has incorporated a wholly owned subsidiary in the name of AGL Sanitaryware Private Limited to manufacture range of sanitaryware products in-house. The manufacturing facility is proposed to be set up at Morbi, Gujarat with an installed capacity of 0.66 million pieces of sanitaryware products per annum. Currently, our Company deals in a range of sanitaryware products some of which are currently being manufactured/outsourced to third party manufacturers which are sold by us under our own brand. However, to further strengthen our sanitaryware segment amid growing demand, our Company has planned to establish an in-house manufacturing unit for a range of sanitaryware products. For further details on the estimated costs, please refer "*Objects of the Issue*" on page 53 of this Draft Letter of Offer.

**Stone Plastic Composite Flooring (SPC) Plant:** Globally flooring market has been evolving significantly over the years with different flooring materials coming up in the markets. One of the most trending materials of these is Stone Plastic Composite (SPC) flooring. Due to various technical advantages like high durability, ease of installation, impact & water proof, ease of maintenance, recyclable material, etc. among others, offered by this material, SPC has been in talks globally in recent years. Therefore, to take early mover advantage of this global opportunity in the Indian parlance, our Company has incorporated a wholly owned subsidiary in the name of AGL Surfaces Private Limited to manufacture Stone Plastic Composite (SPC) flooring. The manufacturing facility is proposed to be set up at Morbi, Gujarat with an installed capacity of 2.97 million square metres of flooring per annum. For further details on the estimated costs, please refer "*Objects of the Issue*" on page 53 of this Draft Letter of Offer.

**b) Invest in brand recognition and visibility through brand promotion campaigns and enhance customer engagement**

Currently, we reach out to our end customers through our vast network of dealers, exclusive franchise outlets and company owned display centers. We intend to make consistent efforts to strengthen our brand "AGL" and enhance our brand visibility by undertaking various brand promotion initiatives including celebrity endorsements, opening up of experience centres at high footfall locations, advertising campaigns, social media campaigns, and other brand promotion initiatives. This creates brand recognition and visibility amongst the untapped segment of end customers providing them more knowledge about our offerings and our competitive pricing, among others. Also, this provides us with an opportunity to engage with customers which results in gaining more understanding of their buying preferences, patterns, thoughts and experience with our products, etc. helping us in right positioning of our brand. We believe that these efforts would particularly result into growth in our retail customer base.

**c) To expand our international footprint through establishing dealers and distributors relationships**

We currently export our products to more than 100 countries including China, Israel, United States of America, Germany, Spain, Italy, South Korea, Thailand, Myanmar, Canada, Indonesia, Australia, Bangladesh, Vietnam, Kenya, Sri Lanka, Brazil, South Africa, Iraq, Saudi Arabia, UAE, Oman, Qatar, Kuwait, Bahrain, etc. among others, and plan to further expand our export operations globally through establishing dealer, distributor and franchise relationships. Given the tailwinds in the exports of ceramic tiles post outbreak of COVID-19, India has emerged as one of the fastest growing ceramic tiles hubs in the world outperforming largest manufacturing countries. Amid growing worldwide demand and India being the second largest producer and exporter of ceramic tiles, there is tremendous potential for our Company to grow in the international markets through leveraging these opportunities. Given this, we are further expanding our premium product range by exporting products matching the global preferences including GVT, large and mega format slabs, SPC flooring, etc. among others. We intend to expand our global footprint and become a widely recognised global brand.

**d) Further leveraging existing sales & marketing channels and expanding the retail touch points to accelerate growth**

We reach to our retail customers through our extensive network of 1,400+ dealers spread across the country. We continuously endeavor to enhance our network of dealers, distributors and franchise through our marketing and branding efforts. We believe that this network is the backbone of our retail segment helping us in gaining latest understanding of customers' buying preferences, behavior and ongoing trends, thereby helping us in introducing innovative products at right time and speed at competitive prices. Over the period, we have attempted to grow our network of retail touch points and we aim to further accelerate our plan to enhance our retail presence. We also believe that extensive retail presence would also help us in generating higher margins, better credit terms and efficient management of our working capital in addition to growing our topline.

**e) Enhanced focus on efficiency, cost and return on capital through blend of optimization of working capital cycles, diversifying the product mix and innovative technologies**

We intend to continuously improve the efficiency of our operations, reduce costs, improve margins thereby generating higher returns on the capital employed, while still focusing on sustainable growth. We also intend to improve our working capital management through diversifying our business mix, thereby reducing our dependency on external debt and generate higher stakeholders' returns. In past few years, our industry has witnessed rapid evolution in technology across the globe with multiple players coming out with innovative solutions to enhance efficiencies across the entire array of the production process. Over the next few years, we intend to emulate and imbibe the technology advancements to further strengthen our broad positioning and improve cost efficiencies. We believe that collectively, these measures will help us improve our profitability and return on capital employed in long term.

**f) Maintain and expand long-term relationships with clients through cost effective model**

Over the period, our Company has built relationships with clients across the segments through offering products matching to their requirements, in addition to offering after sales service This is the result of our continued efforts that we have been able to supply our products to the largest commercial and business organizations, large project builders, governments, etc. Since, this model has earned us success, we wish to further develop new relationships to expand our product and service offerings which would help us in improving our working capital management from existing levels and enhance our margins in line with stakeholders' expectations.

## BUSINESS DETAILS

***Product Portfolio***

We are in the business of manufacturing / sub-contract manufacturing and marketing of ceramic and vitrified tiles, engineered marble and quartz stone and bath-ware, a brief description of the same is given below:

**A. <u>CERAMIC TILES</u>**

Our Company offers ceramic, digital wall and floor tiles in various sizes, colors, designs, thickness & patterns. Ceramic tiles are made from a mixture of clay, sand and other materials like Feldspar, Talc & Dolomite etc. The tiles are produced when the raw materials are combined and moulded into shape and then fired at a high temperature ranging from 1050 degrees Celsius to 1250 degrees Celsius as per product requirement in a kiln.

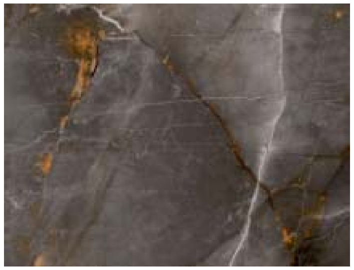
Floor Tile: 600x600 mm

Floor Tile: 300x300 mm



Wall Tile: 300x600 mm

Wall Tile: 300x450 mm



Wall Tile: 600x1200 mm

**B. <u>VITRIFIED TILES</u>**

Vitrified tiles are made from clay, but they have purified form of natural ingredients. When these ingredients passed thru kiln, they melt and form a glass substrate throughout the tile. This glass addition makes vitrified tiles very strong and smooth, with far fewer pores in their body than ceramic tiles. Vitrified tiles are further divided into four categories, namely double charge vitrified tiles, and glazed vitrified tiles.

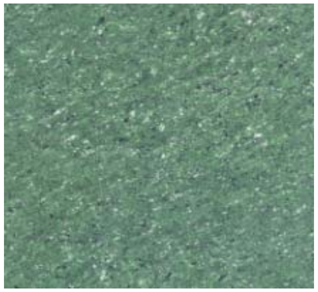
**Double Charge Vitrified Tiles**

Double charge vitrified tiles are tiles that are fed through a press which prints the pattern with a double layer of pigment. In the double feeding, top side (upper surface) will have expensive and design paint which is about 40% costly and bottom part will have slightly cheaper body and both are pressed in the sand witched form. This process does not permit complex patterns but results in a long-wearing tile surface, suitable for heavy traffic commercial projects. We use the latest Nano technology that gives it extra-ordinary durability, high gloss and a stain resistant surface, so that it retains inherent splendor.

**Glazed Vitrified Tiles**

Glazed vitrified tiles are flat slabs manufactured from ceramic materials such as clay, feldspar and quartz and other additives and fired at high temperatures to ensure high strength and low water absorption. These tiles are coated with glaze materials prior to the firing process. Being fully automatic imported machine-made products, these tiles are consistent in different sizes, shapes, colors combination and thickness. With latest technology by its side, these tiles are able to offer affordable brilliant products which vary in terms of surface finishing (Glossy, Matt, Metallic, Polished, Structured, Rustic and Sucre).

**Double Charge Vitrified** Floor Tile: 600x600 mm



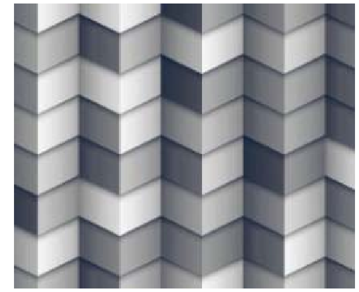
**Double Charge Vitrified** Floor Tile: 800x800 mm



**Glazed Vitrified** Floor Tile: 600x1200 mm

**Glazed Vitrified** Wall Tile: 300x600 mm

**Glazed Vitrified** Wall Tile: 600x600 mm



## C. <u>HEAVY DUTY TILES</u>

Heavy duty tiles include the following.

**Hi-Tech Tuff Guard Digital Tiles** with tuff guard coating which are incredibly strong and robust with an extremely hard surface and is processed for an attractive appearance. This high-end technology gives tiles an astonishing endurance, making them highly resistant to abrasion, stain, tarnish, scratch and rough handling.

**Tuff Guard Anti-Bacterial Tile** ("**T.A.B.**") is made with tuff guard plus anti-bacterial glazing made of Silver Ions homogenously distributed throughout the matrix that hinders the growth of bacteria and germs which comes in contact. They have features like anti-skid surfaces, stain and high abrasion resistant, scratch resistance, durable body, chemical & alkaline resistant which makes it ideal for high traffic areas of hospitals, schools, restaurant, hotels, gym, clubs, clinics, labs, etc. AGL TAB tiles are eco-friendly, keep fighting against bacteria 24X7 to keep surface safe, and harmless to human bodies which makes it perfect solution for wall & floor.

**Solar Reflective Roof Tiles** ("**Eco Blanco**") are the ones that reflects the sun's heat and emits absorbed radiation back in to the atmosphere. This keeps the inside structure of the building cooler.

**Parking Plus Heavy Area Tiling Solution** ("**GRANDURA plus**") are digital vitrified tiles evolved with additional features with extra durability.

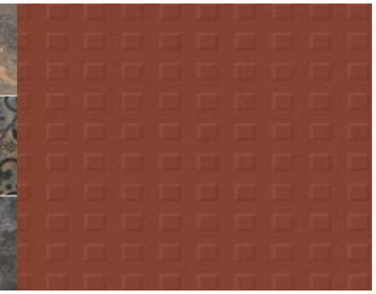
**Hi-Tech Tuff Guard Digital** Floor Tile: 600x600 mm

**T.A.B.** Floor Tile: 600x600 mm

**Eco Blanco** Floor Tile: 300x300 mm

**GRANDURA plus** Floor Tile: 400x400 mm

**GRANDURA** Floor Tile: 300x300 mm

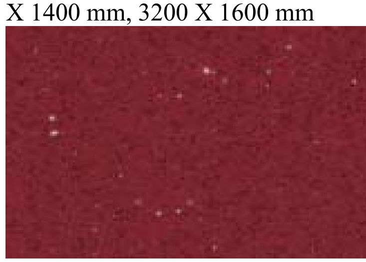
**D. <u>ENGINEERED MARBLE AND QUARTZ STONE</u>**

**Marble** is a very popular natural stone that is quarried and cut into slabs and tiles and used for a variety of applications. Engineered Marble produces the same aesthetic look with better technical specifications.

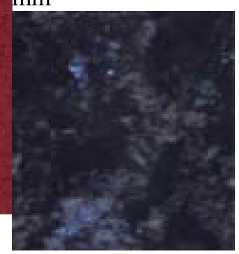
**Quartz** made of 93% natural quartz, aggregates are mixed with the remaining 7% of color pigments and polymer resins which transforms it into a product of exceptional strength and beauty. Quartz is much harder material than many stones. The product stands out for its aesthetical versatility and luxurious finishing.

**Marble** Floor: 3025x1225 mm

**Quartz** Countertop / Wall: 3100 X 1400 mm, 3200 X 1600 mm

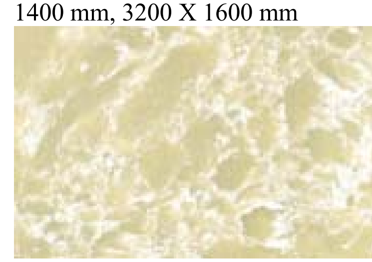


**E Rock** Countertop / Wall: 800 X 2400 mm



**Marble** Floor: 3025x1225 mm

**Quartz** Countertop / Wall: 3100 X 1400 mm, 3200 X 1600 mm



**E. <u>BATHWARE</u>**

**Faucets**: We have range of faucets and bathroom and allied product solutions. These variety of faucets are anti-bacterial, easy to install and clean, scratch resistant and chemical and stain resistant. Most of our products are based on Twin Flushing Technology which helps in saving water.

**Sanitary Ware** includes range of one-piece water closets, wall hung, urinals, basins and allied accessories for sanitary requirements.

Health faucet with wall hook and hose pipe

Basin 600 x 420 x 125 mm

Single lever basin mixer with braided hoses

Base Cabinet, Basin and Mirror

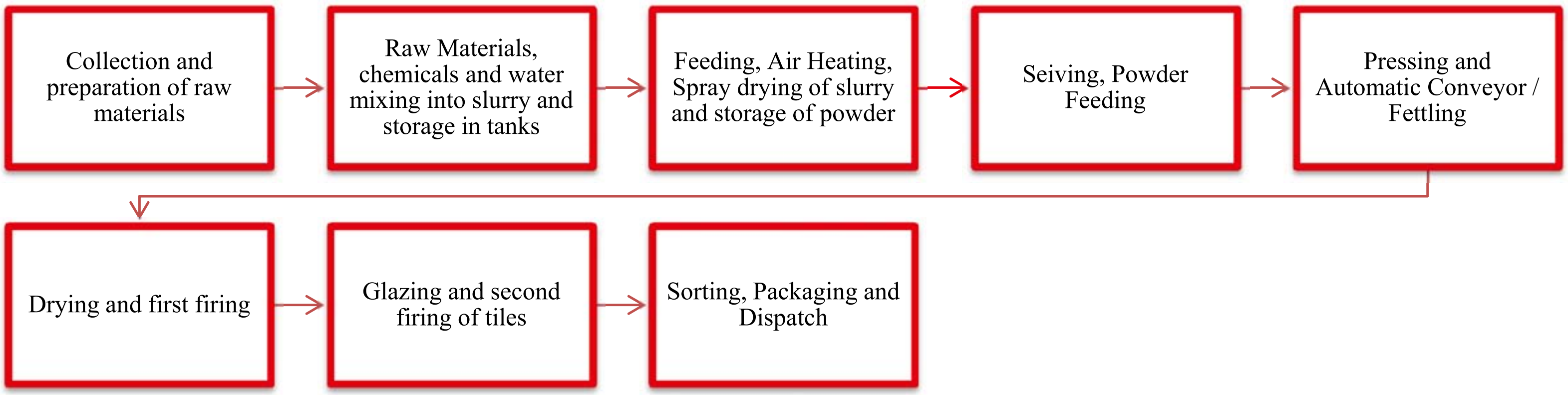
Overhead Rain Shower 200x200mm





*Manufacturing Process Flow*

**A. Ceramic Wall Tiles**




- **Raw materials for the body:** The main raw materials are clay, quartz & feldspar. Function of clay is primarily to give the humidified mix the elasticity needed to obtain, (through a shaping process), tiles which in their unfired state have the physical properties that will allow them to be manipulated, transported and moved; quartz sand, whose function is to reduce any size variation that may otherwise occur due to the firing process that glazed tiles undergo; feldspar and carbonatic (in powder form), whose function is mainly to facilitate a glossy finish on tiles.

- **The preparation of the mixture:** The preparation of the mixture primarily consists of weighing as per requisite composition on a weighing hopper and thereafter feeding into the ball mill through conveyor, wherein water is added to the charge and the mix is grinded into a slurry form with the help of grinding machine. This slurry mixture is then discharged into storage tanks whih is then fed to the Spray Dryer Chamber, which is heated at high temperature for obtaining the powder form. This powder is transferred through conveyor and collected in the storage Silos. These series of operations homogenize the material, with the appropriate grain size distribution so as to be relatively fine, and with enough water for the subsequent moulding process. At the end of this phase, the mixture may consist of a powder with a 4% - 7% water content (for pressure moulding), or, a 15% & 20% water content (for extrusion moulding). In both cases, the basic operations of this production phase are: grinding, mixing-blending, and regulating the water content.

- **Shaping:** The powder obtained from the above process is sieved on a vibrator fitted with a magnet and is then fed onto the hoppers of the Hydraulic Press where the powder is pressed in the die to take the shape of a tile of specific size as per the cavity of the die.

  Most ceramic tiles produced are moulded by 'dust pressing'. During the dust pressing process, the mixture — a powder with an average humidity of 4-7%- is compressed between two surfaces, with an average pressure between 200 and 400 kg/cm2 that causes the reorganization and partial deformation of the grains, so as to produce a sufficiently dense and resistant tile to the Horizontal Roller Dryer. Some products, (terracotta and clinker tiles), are moulded by the 'plastic method', starting with a mixture whose humidity content ranges from 15 to 20%, depending on the type of product. A continuous ribbon of material is emitted by the extrusion machine, which is then cut as required. The tiles are then transferred through a conveyor to Horizontal Dryer cooler box for drying.

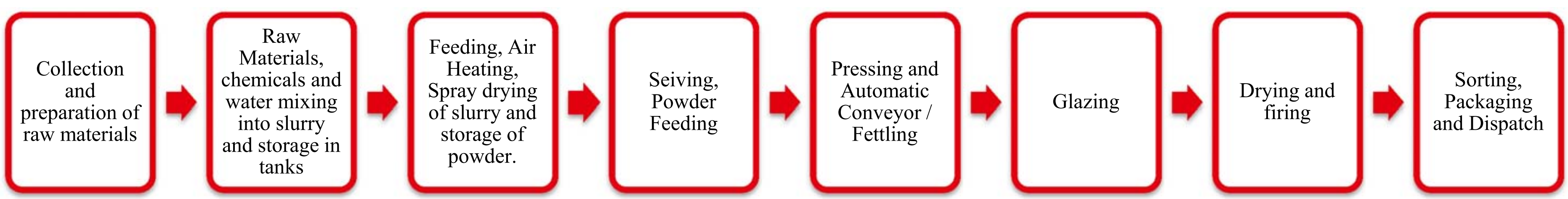
- **First Firing:** Drying and removing water after the moulding process is critical to the integrity of the product. The tiles thereafter are fed into the Kiln in which the firing process takes place. The most commonly used first firing in the ceramic tile industry is hot air rapid dryer. These are used in such a way as to both heat the material (to draw the water from the interior to the exterior) and evaporate and remove the water from the surface of the tiles.

- **Glazing:** Glazes are mixtures of different minerals and composites (frit, which is prefabricated glass, kaolin, silica sand, various oxides, coloring pigments) that are applied to the surface of the tile and then fused to it. During the subsequent cooling phase, the fused layer hardens to form a layer of glass, which gives the tile surface the specific properties noted above. It also makes the surface impermeable.

- **Second Firing:** The tiles thereafter are fed into the fast single layer roller Kiln in which the second firing process takes place. Tiles emerge from the second firing process with the physical properties required for their various specific uses. The firing takes place in continuous roller Kilns where the tiles are moved along on special transportation systems, which lead them to be first preheated and then brought to firing temperature, (which ranges from about 900°C to over 1250°C (depending on the required qualities of the product). The firing binds all the particles firmly together and provides the required attributes of the final product, (impermeability, hardness etc.). The tiles are kept at firing temperature for some time, after which they are gradually cooled, (while still inside the oven), to temperatures that allow them to be safely moved from the roller Kiln.

- **Sorting:** The firing is the concluding technical phase of the production cycle of a ceramic tile. The material that emerges from the oven is the final product, with the exception of specific surface treatments for some types of products, like the polishing of porcelain tiles. Before they are sent to be packed and stored, tiles undergo a careful quality inspection and selection. The sorting process seeks to, (i) eliminate defective pieces, and (ii) grade the tiles depending on the quality achieved.

**B. Ceramic Floor Tiles**




- **Raw materials for the body:** The main raw materials are clay, whose function is primarily to give the humidified mix the elasticity needed to obtain, (through a shaping process), tiles which in their unfired state have the physical properties that will allow them to be manipulated, transported and moved; quartz sand, whose function is to reduce any size variation that may otherwise occur due to the firing process that glazed tiles undergo; feldspar and carbonatic (in powder form), whose function is mainly to facilitate a glossy finish on tiles. Body formulation depends on type of product.

- **The preparation of the mixture:** The preparation of the mixture primarily consists of weighing as per requisite composition on a weighing hopper and thereafter feeding into the ball mill through conveyor, wherein water is added to the charge and the mix is grinded into a slurry/slip form with the help of grinding machine. This slurry mixture is then discharged into storage tanks whih is then fed to the Spray Dryer Chamber, which is heated at high temperature for obtaining the powder form. This powder is transferred through conveyor and collected in the storage Silos. These series of operations homogenize the material, with the appropriate grain size distribution so as to be relatively fine, and with enough water for the subsequent moulding process. At the end of this phase, the mixture may consist of a powder with water content. The basic operations of this production phase are: grinding, mixing-blending, and regulating the water content.

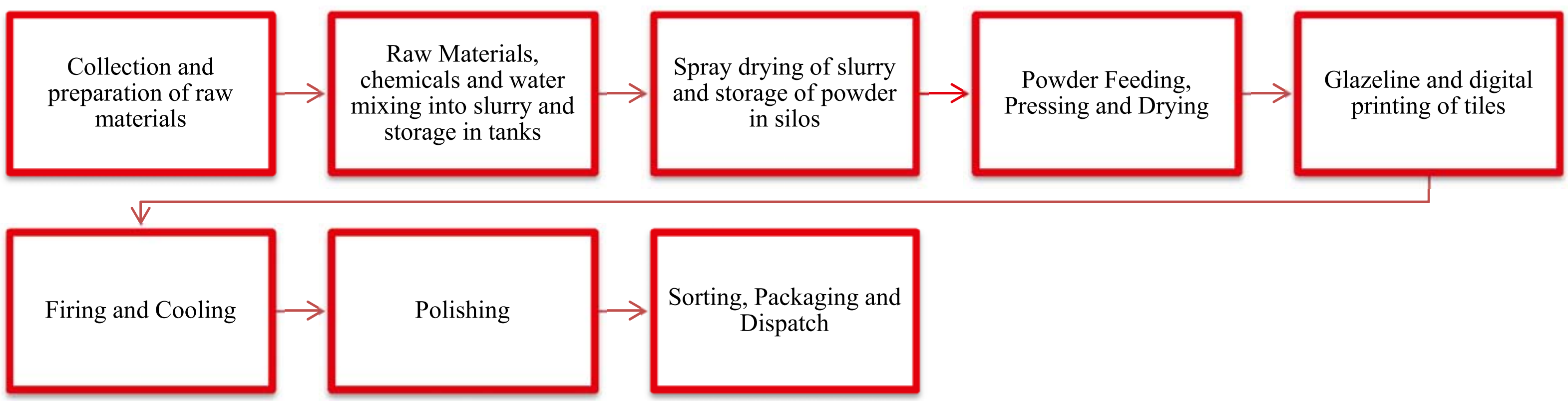
- **Shaping:** The powder obtained from the above process is sieved on a vibrator fitted with a magnet and is then fed onto the hoppers of the Hydraulic Press where the powder is pressed in the die to take the shape of a tile of specific size as per the cavity of the die. Most ceramic tiles produced are moulded by 'dust pressing'. During the dust pressing process, the mixture — a powder with an average humidity and is compressed between two surfaces that causes the reorganization and partial deformation of the grains, so as to produce a sufficiently dense and resistant tile to the Horizontal Roller Dryer. A continuous ribbon of material is emitted by the extrusion machine, which is then cut as required. The tiles are then transferred through a conveyor to Horizontal Dryer cooler box for drying.

- **Glazing:** Glazes are mixtures of different minerals and composites that are applied to the surface of the tile and then fused to it. During the subsequent cooling phase, the fused layer hardens to form a layer of glass, which gives the tile surface the specific properties noted above.

- **Firing:** The tiles are fed into the Roller Kiln in which the firing process takes place. The most commonly used first firing in the ceramic tile industry is Roller Kiln firing. These are used in such a way as to both heat the material (to draw the water from the interior to the exterior) and evaporate and remove the water from the surface of the tiles.

- **Sorting:** The firing is the concluding technical phase of the production cycle of a ceramic tile. The material that emerges from the oven is the final product, with the exception of specific surface treatments for some types of products, like the polishing of porcelain tiles. Before they are sent to be packed and stored, tiles undergo a careful quality inspection and selection. The sorting process seeks to, (i) eliminate defective pieces, and (ii) grade the tiles depending on the quality achieved.

**C. Glazed Vitrified Tiles**



- **Processing of Raw Materials:** The process is started with preparation of charge which is made from different types of raw materials such as clays, feldspar, quartz, sand, pigments, ceramic colorants, etc. weighed as per requisite composition on a weighing hopper. This charge is then fed into the ball mill through conveyor, wherein water is added to the charge and the mix is grinded into a slurry form with the help of grinding machine. This slurry mixture is thereafter discharged into storage tanks fitted with agitators to keep the slurry in suspension. From this storage tank, the slip is transferred to another storage tank post sieving process. The filtered slurry is thereafter fed to the Spray Dryer Chamber, which is heated at high temperature using coal or natural gases to reduce the moisture content. The output is now in a powder form, which is obtained with specific moisture content by adjusting the inlet and outlet temperatures of the Spray Dryer. This powder is transferred through conveyor and collected in the storage Silos.

- **Formation of Tile Body and Drying:** The powder obtained from the above process is sieved on a vibrator and is then fed onto the hoppers as per the required weight of the Hydraulic Press where the powder is pressed in the die to take the shape of a tile of specific size as per the cavity of the die. Tiles which comes out of the Press are sent to the Horizontal Roller Dryer where they are heated to a specified temperature to remove the moisture.

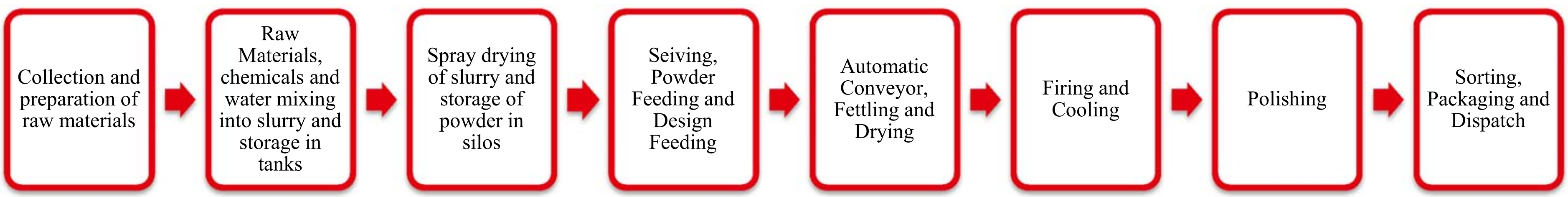
- **Preparation of Designs and Screen Printing of Tiles:** In the glaze line and printing section, various types of designs are prepared and printed on the dried tiles by applying colours from the screen printing machines. Tiles with specific finish needs are to be screen printed, whereas other types of tiles may not be subjected to this operation. Latest technology is printing with digital printer.

- **Firing:** The tiles thereafter are fed into the Fast Single Layer Roller Kiln in which the firing process takes place. The Kiln has different temperatures ranging from 300-1250 degree centigrade in its different zones and thereafter the tiles are cooled. Here, vitrification takes place in the tile body. This process removes the moisture content of the final tiles.

- **Polishing:** The baked tiles are subjected to polishing under polishing line. The tiles are also side-chamfered. Thus, in this process, size and thickness variations are minimised. Matt finish tiles do not need polishing operations.

- **Sorting and Packing:** The polished tiles are subjected to quality checking and sorting, where an operator marks out the tiles with defects and segregates them into different grades of quality. Different grades of finished tiles are then packed into different types of packing boxes which are marked accordingly. The packed finished goods are thereafter sent for dispatch.

**D. Double Charge Vitrified Tiles**



- **Processing of Raw Materials:** The process is started with preparation of charge which is made from different types of raw materials such as clays, feldspar, quartz, sand, pigments, ceramic colorants, etc. weighed as per requisite composition on a weighing hopper. This charge is then fed into the ball mill through conveyor, wherein water is added to the charge and the mix is grinded into a slurry form with the help of grinding machine. This slurry mixture is thereafter discharged into storage tanks for homogeneous misture for approximately 24 hours. From this storage tank, the slip is transferred to another storage tank with vibrator fitted with a magnet for iron removal from the slurry. The iron content Is all separated from the slurry and the filtered slurry is thereafter fed to the Spray Dryer Chamber, which is heated at high temperature using coal and natural gases to reduce the moisture content upto 6% - 7%. The output is now in a powder form, which is obtained with specific moisture content by adjusting the inlet and outlet temperatures of the Spray Dryer. This powder is transferred through conveyor and collected in the storage Silos.

- **Designer Feeder:** The powder obtained from above process is put in a design feeder.

- **Formation of Tile Body and Drying:** The powder obtained from the above process is sieved on a vibrator fitted with a magnet and is then fed onto the hoppers of the Hydraulic Press where the powder is pressed in the die to take the shape of a tile of specific size as per the cavity of the die. Green Tiles which comes out of the Press are sent to the Horizontal Roller Dryer where they are heated to a specified temperature to remove the moisture.

- **Firing:** The tiles thereafter are fed into the fast single layer roller Kiln in which the firing process takes place. The Kiln has different temperatures ranging from 300-1250 degree centigrade in its different zones after which the colling also takes place. Here, vitrification in the tile body is done.

- **Polishing:** The baked tiles are subjected to polishing in polishing line. The tiles are also side-chamfered. Thus, in this process, size and thickness variations are minimised. Matt finish tiles do not need polishing operations.

- **Sorting and Packing:** The polished tiles are subjected to quality checking and sorting, where an operator marks out the tiles with defects and segregates them into different grades of quality. Different grades of finished tiles are then packed into different types of packing boxes which are marked accordingly. The packed finished goods are thereafter sent for dispatch.

**E. Engineered Marble and Quartz Stone**

**Engineered Marble**

The manufacturing process begins with selection of raw materials which mainly comprise of Dolomite stones. These stones are procured domestically as well as imported.

The stones are crushed and blended into grains and powder in a crusher plant. Thereafter these grains are graded and transferred to Silo grading-wise.

Subsequently these grains are added to the mixture in appropriate ratio with polyester resin, hardener, colour shaker and other additives.

The mixture is then fed into presser and compacted into slabs by a vacuum and vibration process. This process minimizes porosity and reduces water absorption.

The slabs are then moved to polish line for polishing and finishing. After polishing, the slabs are checked for quality and prepared for packing.

**Quartz Stone**

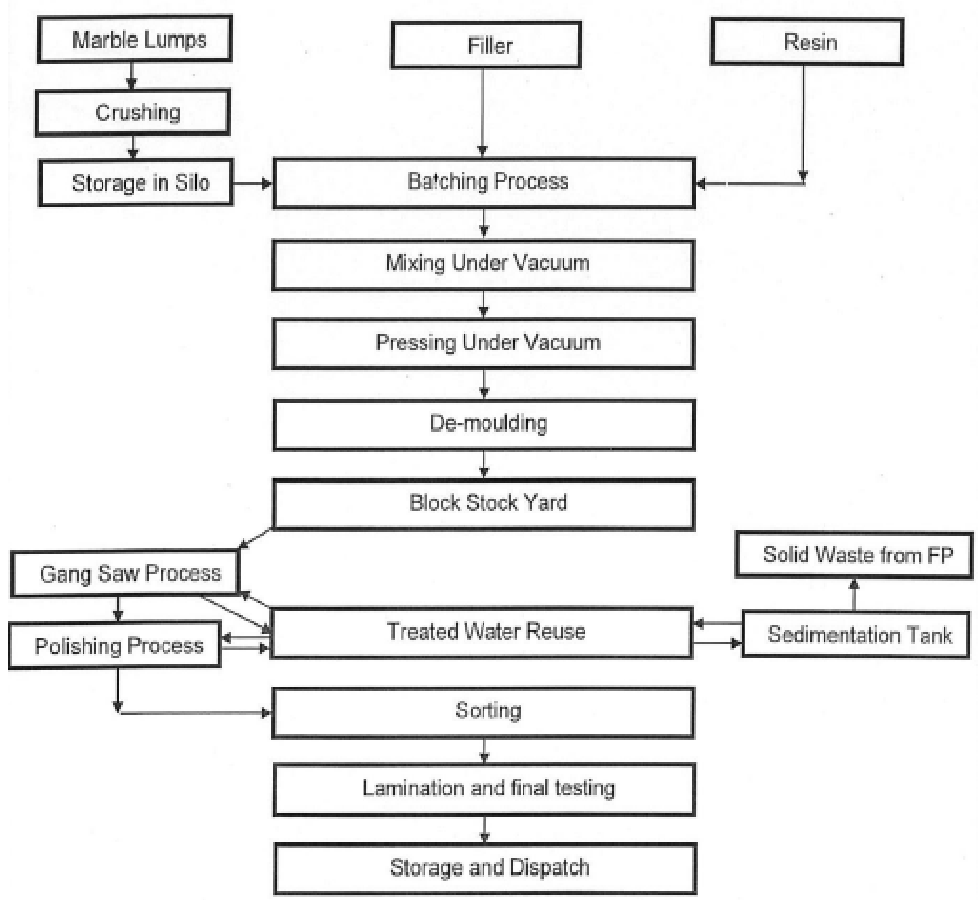
The manufacturing process begins with selection of raw quartz materials which is procured domestically as well as imported.

The materials undergo sieving and grading as required and fed into Silo. They are crushed and blended in the required composition with polyester resin and other additives for bonding.

The mixture is compacted into slabs by a vacuum and vibration process. This process minimizes porosity and reduces water absorption.

The slabs are then cured in a burner / oven / dryer for stiffness and to attain the essential properties of resistance to stain and impact. The curing process is following by natural cooling.

When curing is completed, the slabs are gauged, calibrated, polished and prepared for packing.



## PLANT AND MACHINERY

All our manufacturing units are equipped with various machinery, technology and equipment for the purpose of effectively carrying out our manufacturing process. Some of the important machineries installed in our plants are as given below:

| Unit | Plant & Machinery | No. of machines | Make |
|---|---|---|---|
| **Dholka Unit – Ceramic Glaze Tiles** | Glaze Ball Mill | 5 | Delite (Indigenous) |
| | Weighing Hopper | 1 | Indigenous |
| | Glaze Line | 3 | Indigenous |
| | Printing Machine | 2 | Creta and Technoferrari (Italy) |
| | Spray Dryer Machine | 1 | Indigenous |
| | Kiln | 1 | Moderna (China) |
| | Press | 2 | Sacmi (Italy) |
| | Other machines & Installations | 54 | Indigenous |
| **Idar Unit – Ceramic Glaze Tiles** | Glaze Ball Mill | 10 | China – 2 machines<br>Indigenous – 8 machines |
| | Weighing Hopper | 1 | Indigenous |
| | Glaze Line 168 Mtrs | 1 | Indigenous |
| | Printing Machine | 1 | Creta Italy |
| | Spray Dryer Machine | 1 | Indigenous |
| | Kiln | 1 | Moderna (China) |
| | Glaze Tanks | 14 | Indigenous |
| | Press | 1 | Sacmi (Italy) |
| | Vibrator | 8 | Indigenous |
| | Silo | 5 | Local |
| | Other machines & Installations | 17 | Indigenous |
| **Dalpur Unit – Ceramic Glaze Tiles** | Ball Mill | 6 | China – 3 machines<br>Indigenous – 3 machines |
| | Weighing Hopper | 2 | Indigenous |
| | Glaze Polishing Line | 2 | Indigenous |
| | Printing Machine | 2 | Kerazit and Technoferrari (Italy) |
| | Spray Dryer Machine | 2 | Indigenous |
| | Kiln | 2 | Moderna China, DLT China |
| | Glaze Tanks | 25 | Indigenous |
| | Press | 3 | Sacmi Italy |
| | Vibrator | 15 | Indigenous |
| | Silo | 18 | Indigenous |
| | ETP | 1 | Indigenous |
| | Polishing Line | 1 | Imported |
| | Other machines & Installations | 43 | Imported and Indigenous |
| **Dalpur Unit – Vitrified Tiles** | Ball Mill | 13 | Indigenous |
| | Weighing Hopper | 2 | Indigenous |
| | Glaze Line | 2 | Indigenous |
| | Printing Machine | 2 | System and Technoferrari (Italy) |
| | Spray Dryer Machine | 2 | Indigenous |
| | Kiln | 2 | Moderna China |
| | Press | 2 | Sacmi Italy |
| | Vibrator | 14 | Indigenous |
| | Silo | 30 | Indigenous |
| | ETP | 1 | Indigenous |
| | Other machines & Installations | 189 | Imported and Indigenous |
| **Dalpur Unit – Marble & Quartz** | Gangshaw Machine | 7 | Indigenous |
| | Block Pressing Machine | 2 | Indigenous |
| | Polishing Machine | 3 | Indigenous |

| | | | |
|---|---|---|---|
| | Resin Mixing Tank | 2 | Indigenous |
| | Crushing & Grinding Machine | 2 | Indigenous |
| | ETP | 2 | Indigenous |
| | Polishing Line | 2 | Imported |
| | Other machines & Installations | 85 | Indigenous |
| **Amazoone Ceramics Limited – Dalpur Unit** | Air Compressor | 2 | Imported |
| | Ball Mill – Imported | 6 | Imported |
| | Ball Mill – New | 5 | Indigenous |
| | Calibrating Machine | 2 | Imported |
| | D G Set | 2 | Imported |
| | Digital Printer | 2 | Imported |
| | Forklift | 1 | Indigenous |
| | Fotri Fire | 1 | Indigenous |
| | Gas Burner | 1 | Indigenous |
| | Glaze Line New | 1 | Indigenous |
| | Piston Pump Set | 2 | Imported |
| | Roller Kiln | 1 | Imported |
| | Screen Printing Machine | 2 | Imported |
| | Spray Dryer Machine | 1 | Indigenous |
| | Squring Machine | 1 | Imported |
| | Storage Box<br>Others | 1<br>27 | Imported<br>Imported and Indigenous |
| **Crystal Ceramic Industries Limited – Mehsana** | Ball Mill | 11 | Imported |
| | Glaze Line | 1 | Imported |
| | Polishing Line | 2 | imported |
| | Printing Machine/ Tile Printing Machine | 2 | Imported |
| | Nano Polishing Machine | 2 | Imported |
| | Kiln | 3 | Imported |
| | Press | 7 | Imported |
| | Press Feeder | 4 | Imported |
| | Appel Machine | 1 | Imported |
| | Chain Stove | 3 | Imported |
| | Spray Dryer (5 Layer) | 4 | Imported |
| | Full Automatic Permanent Slurry iron remover (bar type) | 7 | Imported |
| | Roto Print | 1 | Imported |
| | Pistom Pump | 12 | Imported |
| | Airless Pump | 7 | Imported |
| | Glaze Bell / Bell Flow Unit | 6 | Imported |
| | 66 KV SS | 1 | Indigenous |
| | ETP AND STP | 2 | Indigenous |
| | Other machines & Installations | 23 | Imported & Indigenous |

## REVENUE BREAKUP

The gross revenue of the Company and its breakup on the basis of consolidated financials is as under:

***(Amount in Lakhs)***

| S. No. | Particulars | For the period ended December 31, 2021 | | FY 2020-21 | | FY 2019-20 | |
|---|---|---|---|---|---|---|---|
| | | Amount | % | Amount | % | Amount | % |
| **A.** | **Manufacturing Sales** | | | | | | |
| | Domestic | 46,662.18 | 43.00% | 49,940.71 | 38.64% | 56,570.75 | 46.20% |
| | Exports | 1,891.77 | 1.74% | 3,745.47 | 2.90% | 12,305.34 | 10.05% |
| **B.** | **Sub-Contract Manufacturing Sales** | | | | | | |
| | Domestic | 47,410.38 | 43.68% | 57,104.41 | 44.19% | 40,561.41 | 33.12% |
| | Exports | 12,311.11 | 11.34% | 17,821.79 | 13.79% | 11,720.01 | 9.57% |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **C.** | **Export Incentives** | 217.16 | 0.20% | 560.64 | 0.43% | 789.47 | 0.64% |
| **D.** | **Wind Mill Power Generation** | 45.13 | 0.04% | 56.93 | 0.04% | 87.29 | 0.07% |
| **E.** | **Others** | - | - | - | - | 419.20 | 0.34% |
| | **Total** | **1,08,537.73** | **100.00%** | **1,29,229.94** | **100.00%** | **1,22,453.47** | **100.00%** |

For further details, please refer to the section titled "***Financial Statements***" on page 132 of this Draft Letter of Offer.

## OUR MAJOR CUSTOMERS

We have a revenue mix of institutional sales and retail sales. We majorly sell our finished products to various wholesalers i.e. distributors, dealers and sub-dealers. As a result, we do not have customer concentration risk. Further, we are focusing on augmenting retail sales, alongside winning more business from the government and institutional sectors.

The following is the revenue breakup of the top five and top ten customers of our Company for the period mentioned is as follows:

| **Particulars** | **For the period ended on December 31, 2021** | | **For the year ended on March 31, 2021** | |
|---|---|---|---|---|
| | **Amount** | **Percentage (%)** | **Amount** | **Percentage (%)** |
| Top 5 | 6,578.48 | 6.06% | 17,245.92 | 13.35% |
| Top 10 | 9,696.99 | 8.93% | 21,721.97 | 16.81% |

## UTILITIES, INFRASTRUCTURE & LOGISTICS

***Power & Fuel***

We consume a substantial amount of power and fuel for our business operations. Our power requirements are met through state electricity boards. We have entered into long term supply agreement with various parties for natural gas supply. Our manufacturing processes require uninterrupted supply of power and natural gas in order to ensure that we are able to manufacture our products. To meet power failure exigencies, we have also installed D.G. sets and transformers at our manufacturing facilities to ensure uninterrupted supply. We are also in the process of setting up our own propane gas tanks to optimise our fuel costs.

***Water***

Our manufacturing facilities are located at places where ground water is abundantly available and we utilise the same to meet water requirements for our manufacturing process. Furthermore, we have made arrangements for wastewater reuse and recycle at the manufacturing facilities.

***Inventory Management***

Our finished products and raw materials are mainly stored on-site at our manufacturing facilities. However, the purchase department of the Company is situated in the Dalpur premises whereas the finished goods are managed and dispatched from the respective manufacturing units. Further we exhibit the finished goods at our display centres. The production of finished products is determined on the basis of a combination of confirmed and expected orders.

***Logistics***

We transport raw materials and finished products primarily by road in case of our domestic operations. Our suppliers directly deliver raw materials to our manufacturing facilities. We outsource the delivery of our products to either third-party logistics companies or as mutually decided between the dealer and Company. For our export operations, we primarily rely on sea-freight and carry such operations from Mundra Port, which is nearest port to our facility. Our logistics team mainly operates from Ahmedabad.

***Information Technology***

We believe that an appropriate information technology infrastructure is important in order to support the growth of our business. Our facilities are connected to our Central ERP & IT network that facilitates monitoring of our operations and management of supply chain. Our ERP & IT infrastructure enables us to track procurement of raw materials, sale of finished goods, payments to vendors and suppliers, and receivables from dealers. Out ERP & IT department is placed in our corporate office in Ahmedabad which manages all the software and hardware of the Company. Our customized ERP software, Microsoft Navision, covers finance, sales, purchase and inventory, across all our manufacturing facilities.

***Repair and Maintenance***

We conduct regular repair and maintenance programs for our manufacturing facilities. Our machinery and electrical repair teams carry out periodic maintenance and repair of the plants and machinery on an as-needed basis. In addition, our manufacturing facilities are periodically inspected by our engineers and technicians.

***Capacity Installed and Capacity Utilized***

Set forth is the detail of the installed and utilized capacity of our manufacturing unit as on February 15, 2022 and for the financial years ended on March 31, 2021 and March 31, 2020.

| **Particulars** | **As on February 15, 2022** | **FY 2020-21** | **FY 2019-20** |
|---|---|---|---|
| | | | |
| **Dholka Unit – Ceramic Glaze Tiles** | | | |
| Installed Capacity (In Sq. Mtrs.) | 20,21,250 | 23,10,000 | 23,10,000 |
| Utilized Capacity | 65% | 64% | 81% |
| | | | |
| **Idar Unit – Ceramic Glaze Tiles** | | | |
| Installed Capacity (In Sq. Mtrs.) | 23,10,000 | 26,40,000 | 26,40,000 |
| Utilized Capacity | 100% | 90% | 94% |
| | | | |
| **Dalpur Unit – Ceramic Glaze Tiles** | | | |
| Installed Capacity (In Sq. Mtrs.) | 25,98,750 | 29,70,000 | 29,70,000 |
| Utilized Capacity | 64% | 67% | 81% |
| | | | |
| **Dalpur Unit – Vitrified Tiles** | | | |
| Installed Capacity (In Sq. Mtrs.) | 25,98,750 | 29,70,000 | 29,70,000 |
| Utilized Capacity | 98% | 75% | 70% |
| | | | |
| **Dalpur Unit – Marble & Quartz** | | | |
| Installed Capacity (In Sq. Mtrs.) | 11,83,875 | 13,53,000 | 13,53,000 |
| Utilized Capacity | 64% | 52% | 71% |
| | | | |
| **Amazoone Ceramics Ltd – Dalpur Unit** | | | |
| Installed Capacity (In Sq. Mtrs.) | 18,76,875 | 21,45,000 | 21,45,000 |
| Utilized Capacity | 85% | 66% | 82% |
| | | | |
| **Crystal Ceramics Industries Limited – Mehsana** | | | |
| Installed Capacity (In Sq. Mtrs.) | 98,37,000 | 89,10,000 | 89,10,000 |
| Utilized Capacity | 86.42% | 81.68% | 84.18% |
| | | | |
| **Windmill** | | | |
| Installed Capacity (In MW) | 1.25 | 1.25 | 1.25 |
| Utilized Capacity | 91% | 72% | 96% |

** Pursuant to Chartered Engineer Certificate no. MS/1074/20222, MS/1075/2022 and MS/1076/2022 issued by Mukesh Shah (M. No. 0231074) dt. February 26, 2022.*

***Quality Control***

We place significant emphasis on quality control. Our quality management system with respect to our manufacturing facilities in Dalpur and Idar have been certified to conform to ISO 9001:2015 and ISO 14001:2015, subject to periodic audits conducted by independent consultants. Our Company has also obtained Certificate of inter-alia certifying that the Company has been found to be in compliance with the requirements of Bureau of Indian Standards, EN 14411:2006 (CE Compliant), SASO (Saudi Standards, Metrology and Quality Organization) and registered with GRIHA and SVAGRIHA in respect of all kinds of ceramic and vitrified tiles.

We inspect the raw materials we receive, work-in-progress and final products. We have implemented internal procedures to ensure quality control at various stages of production, from procurement of raw material, production to inventory storage. Each of our manufacturing facilities has laboratories and personnel responsible for monitoring the parameters of equipment, stability of materials, reporting any irregularities in the manufacturing process and making adjustments accordingly at all stages to ensure top notch quality.

## COLLABORATIONS

As on date of this Draft Letter of Offer, our Company has entered into an outsourcing agreement on 20th August, 2021 with M/s. Adicon Ceramica LLP – Morbi, an entity which is under common control by our Promoter and Promoter Group, where M/s. Adicon Ceramica LLP – Morbi will manufacture large format GVT Tiles in the brand name of "AGL" and will sell predominately to the AGL i.e. Asian Granito India Limited on the following terms and conditions:

1. AGL will purchase 1400x2800x9.5mm and 1600x3200x15mm large format GVT Tiles of premium quality material from the M/s. Adicon Ceramica LLP – Morbi.

2. AGL agreed to take the 70% stock of the M/s. Adicon Ceramica LLP – Morbi per year.

3. The M/s. Adicon Ceramica LLP – Morbi will not sell the production made under brand name of "AGL" to anyone except Asian Granito India Limited.

This agreement is effective from 1st August, 2022 to 31st July 2027.

## CORPORATE SOCIAL RESPONSIBILITY

Being a responsible corporate citizen, our Company is contributing to sustainable development by its economic activities combined with the fulfillment of its social responsibilities relating to the education, health and safety and environment aspects. Our CSR strategies are aligned to national priorities to meet the basic needs of the local community. Our CSR policy defines the framework for implementing CSR activities in compliance with Section 135 of the Companies Act, 2013 and rules framed thereunder. The CSR committee has been constituted as per the applicable Act. We demonstrate our commitment towards our communities by committing our resources and energies to social development and we have aligned our CSR programs with Indian legal requirements.

Following are some of the Corporate Social Responsibility initiatives undertaken by our Company:

- Our Company is actively participating in promotion of education through "**Asian Institute of Technology, Vadali**" with envision of excellence in basic engineering knowledge to result in diploma engineers instilled with a sense of commitment, responsibility and belongingness both in their professional as well as their personal lives. The aim is to generate employment for students of backward and remote location.

- Our Company is leading the way of eradication of hunger by way of contribution to "**Akshay Patra Foundation**", a non-profit organization in India that operates a school lunch programme. The organization was established in 2000. It aims to counter classroom hunger and aid in education of children. It feeds 1,800,907 children every day across India.

- Our Company has contributed towards healthcare support like oxygen, ventilators, medical aid in covid times. Masks, Sanitizers and other Covid prevention kits were distributed in vicinity of our factories and offices.

- Our Company is also contributing to various Charitable Trusts.

## INSURANCE

Our operations are subject to various risks inherent in the tiles manufacturing industry. We have obtained insurance in order to manage the risk of losses from potentially harmful events, including: (i) insurance policy covering fire, damage to buildings, plant and machinery, electronic equipments, furniture and stocks (raw materials and finished goods), vehicles (ii) marine cargo open policy, (iii) commercial vehicle and private car package policy (iv) employee compensation and digit illness group insurance, (v) product liability policy, (vi) director's liability policy and other policies as required. These insurance policies are renewed periodically to ensure that the coverage is adequate. Our insurance covers all of our manufacturing facilities. In addition, the insurance companies regularly deploy its team for insurance surveys to help us identify insurable interests and mitigate future risks.

We believe that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. Please refer to the heading titled "***Risk Factors***" beginning on page 20 of this Draft Letter of Offer.

## MARKETING

***Marketing and Selling Network***

Our business operations and products primarily cater to the retail consumer segment through our dealer-distributor network. We maintain direct contact with majority of our distributors and dealers which allows us to understand the technical needs and specifications, evolving preferences of our customers as well as their future requirements.

Our in-house team works closely with our distributors, dealers, sub-dealers, foreign agents and customers or prospective customers to manufacture products tailored to meet their specific requirements. We have established a dedicated sales team with support staff and has adopted distributor-led model for both domestic and overseas operations.

The Company has in total 310+ showrooms across the country. The Company has over 299 franchise-owned and franchise operated exclusive showrooms and 12 company-owned and company-operated (COCO) display centres. We have opened 400-500 square feet Tile Express outlets in metro cities, 800-1000 sq. ft. AGL exclusive outlets in B and C class cities, 1,600-2,000 sq. ft. AGL world outlets in peripheral of metro locations to cater to growing demand. The Company also operates standalone AGL Universe stores in Bengaluru, Kerala and Hyderabad that spans more than 2,500 sq. ft. each. Further, we operate three large format showrooms located at Dalpur, Morbi and Ahmedabad. We have more than 2700+ distributors / dealers / sub dealers who help us in promoting and selling our range of products to the consumers. The Company currently has its network penetration of 6,500 touchpoints including network of exclusive showrooms, dealers, distributors, sub-dealers, etc. within the country and outside India. We also participate in various domestic and international industry specific exhibitions to market our products in various parts of the world.

We have in-house team of 686 employees as on January 31, 2022, which looks after the sales and marketing of our products. The sales teams are also segregated by geography and are responsible for the sales of our products at the ground level. The marketing department leaders operate from Ahmedabad office while the team is spread across the country and operate location-wise**.**

Further going forward, we intend to revise our strategy to focus more on digital marketing and move towards B2C sales by mapping the target towns, initiating direct interactions with customers and focusing on franchise-owned franchise-operated exclusive showrooms.

***Customer Care Department***

To provide after sales service and to understand our customer better we have opened various customer care centers at various locations where our customers can come and present their claims and grievances and also provide suggestions. Our customer care department also acts as a helping arm for our dealers & distributors.

***Institutional Sales***

Under the users of our products, the institutional sales constitute approximately 59% of our total sales as on December 31, 2022. We sell our products to institutional players including Government organizations and corporate segment, builders, banks and financial institutions etc. on a regular basis. We have a dedicated team for servicing institutional clients.

***Retail Sales***

Under the users of our products, the retail sales constitute the balance of our sales. The dealer maintains a stock of our products based on its demand estimation, based on its stock level. A dealer sends his requirement for the month, which is dispatched based on the availability of the stocks at our factory. We also hold an inventory of our finished products at our factory. This makes the products available to customer / dealer at short notice.

## HUMAN RESOURCE

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the talent. Our Company looks for specific skill-sets, interests and background that would be an asset for our business.

As at January 31, 2022, we have 1,652 employees including our directors and other staff, who look after our business operations, factory management administrative, secretarial, sub-contracting, marketing and accounting functions in accordance with their respective designated goals.

## INTELLECTUAL PROPERTY

We have registered several trademarks in connection with our business in India and specifically for our Logo AGL TILES Asian Granito India Ltd. Beautiful Life. As on date, our Company, we have various trademarks registered under class 1, 2, 11, 16, 17, 19, 20, 23, 24, 29, 30, 32, 41, 42, 43, 44.

## COMPETITION

Tiles, marbles, quartz and bathware being a global industry, we face competition from organized as well as unorganized players in domestic market as well as international market Our Industry is highly competitive and fragmented. We have a number of competitors offering services similar to us. We believe the principal elements of competition in our industry are price, quality, timely delivery and reliability. As per our strategy, we are in continuous process of enhancing our in-house manufacturing capabilities and widening product portfolio. Besides vitrified tiles, we have diversified in quartz, ceramic and bathware. Our sales and marketing department striving to grow and expand our sales and distribution network.

While product quality, brand value, distribution network, etc. are key factors in customer decisions among competitors, however, price and brand recall is the deciding factor in most cases. Among listed Companies, we face competition from companies like Kajaria Ceramics Limited, Somany Ceramics Limited, Exxaro Tiles Limited and Orient Bell Limited. For further details, please refer to the chapter titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* on page 209 of Draft Letter of Offer.

## ENVIRONMENT, HEALTH & SAFETY

Our activities are subject to various environmental laws and regulations which govern, among other matters, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, non-automatic weighing instrument, electronic instruments, and employee health and employee safety. We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations.

We have complied, and will continue to comply, with all applicable environmental and associated laws, rules and regulations. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business at our ongoing projects. For further information, see "***Government and Other Statutory Approvals***" beginning on page 240 of this Draft Letter of Offer.

Our manufacturing facility situated at in Dalpur and Idar has been certified confirming to ISO 9001:2015 and ISO 14001:2015 certifying that Environment Management System of the Company has complied with the requirements of the standard for the manufacture and supply of all kinds of Vitrified Tiles. We are also a member of Indian Green Building Council.

## PROPERTIES

Our Registered and Corporate Office, Windmill plant, manufacturing facilities except Idar Unit is owned by us. Further, our Company also owns 12 showrooms and rest all of the properties used for our operations throughout India, including our warehouses and stores are held on a lease or leave and license basis.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

Under the Articles of Association, our Company is required to have not less than 3 directors and not more than 15 directors, subject to the applicable provisions of the Companies Act, 2013. As on the date of this Draft Letter of Offer, we have Twelve (12) directors on our Board comprising of Six (6) Executive Directors and Six (6) Non-Executive Independent Directors including Two (2) Independent Women Directors.

Our Company is in compliance with the Corporate Governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our board and constitution of committees thereof.

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

| **Name** | **KAMLESHKUMAR BHAGUBHAI PATEL** |
|---|---|
| **DIN** | 00229700 |
| **Date of Birth** | 20/09/1970 |
| **Age** | 51 years |
| **Designation** | Chairman cum Managing Director |
| **Address** | Bunglow No. 4, Shaligram, Part 3, Near Sangini Bunglow, Thaltej, Ahmedabad, Gujarat – 380059 IN |
| **Occupation** | Business |
| **Date of Appointment** | He was Originally appointed as Non-Executive Director on September 30, 2002. Further, on January 30, 2004, he was further re-appointed as Chairman & Managing Director of the company. |
| **Terms of Appointment** | Re-appointed as Chairman cum Managing Director for a period of 5 years with effect from January 01, 2019 to December 31, 2023. |
| **Other Directorship** | **Public Limited:**<br>• Indian Council of Ceramic Tiles and Sanitaryware<br>• Crystal Ceramic Industries Limited<br>**Private Limited:**<br>• AGL Sanitaryware Private Limited<br>• Gresart Ceramica Private Limited<br>• AGL Surfaces Private Limited<br>• Future Ceramic Private Limited<br>• AGL Global Trade Private Limited |

| **Name** | **MUKESHBHAI JIVABHAI PATEL** |
|---|---|
| **DIN** | 00406744 |
| **Date of Birth** | 05/09/1968 |
| **Age** | 53 years |
| **Designation** | Managing Director |
| **Address** | AT Post, Lalpur Badoli, Tal, Idar, Sabarkantha, Gujarat-383410 |
| **Occupation** | Business |
| **Date of Appointment** | He was Originally appointed as Non-Executive Director on September 30, 2002. Further, on August 10, 2006, he was further re-appointed as Whole Time Director of the company. Further, on June 01, 2011, he was re-appointed as Managing Director of the Company. |
| **Terms of Appointment** | Re-appointed as Managing Director for a period of 5 years with effect from April 01, 2019 to March 31, 2023. |
| **Other Directorship** | **Public Limited:**<br>• Amazoone Ceramics Limited<br>• Crystal Ceramic Industries Limited<br>**Private Limited:**<br>• Gresart Ceramica Private Limited<br>• AGL Surfaces Private Limited<br>• AGL Global Trade Private Limited |

| Name | SURESHBHAI JIVABHAI PATEL |
|---|---|
| DIN | 00233565 |
| Date of Birth | 27/09/1966 |
| Age | 55 years |
| Designation | Executive Director |
| Address | 1, Rudrax Bunglows, B/h. Rajpath club, Bodakdev, Thaltej, Daskroi, Ahmedabad, Gujarat-380059 |
| Occupation | Business |
| Date of Appointment | Appointed as Additional Director on May 11, 2011. Further, on September 18, 2018, he was further re-appointed as Executive Director of the company. |
| Terms of Appointment | Liable to retire by rotation. |
| Other Directorship | **Public Limited:** Nil<br>**Private Limited:**<br>• AGL Infrabuild Private Limited |

| Name | BHOGILAL BHIKHABHAI PATEL |
|---|---|
| DIN | 00300345 |
| Date of Birth | 18/10/1969 |
| Age | 52 years |
| Designation | Executive Director |
| Address | A-2, Asian Parivar, Mahakali Mandir Road, Mahavir Nagar, Sabarkantha, HimatNagar, Gujarat-383001 |
| Nationality | India |
| Date of Appointment | Appointed as Additional Director on May 11, 2011. Further, on September 21, 2017, he was re-appointed as Executive Director of the company. |
| Terms of Appointment | Liable to retire by rotation. |
| Other Directorship | **Public Limited:** Nil<br>**Private Limited:** Nil |

| Name | BHAVESHKUMAR VINODBHAI PATEL |
|---|---|
| DIN | 03382527 |
| Date of Birth | 10/03/1980 |
| Age | 42 years |
| Designation | Executive Director |
| Address | At Narsinhpura, PO Kukadiya, TA Idar, Dist. Sabarkantha, Gujarat-383410 |
| Occupation | Business |
| Date of Appointment | Appointed as Additional Director on May 11, 2011. Further, on September 30, 2019, he was further re-appointed as Executive Director of the company. |
| Terms of Appointment | Liable to retire by rotation. |
| Other Directorship | **Public Limited:** Nil<br>**Private Limited:**<br>• Blutris Healthcare Private Limited<br>• Gresart Ceramica Private Limited<br>• Future Ceramic Private Limited |

| Name | KANUBHAI BHIKHABHAI PATEL |
|---|---|
| DIN | 00386852 |
| Date of Birth | 27/07/1978 |
| Age | 43 years |
| Designation | Executive Director |
| Address | Plot No. 1029, Sector No 2nd, Gandhi Nagar, Gujarat-382007 |
| Occupation | Business |

| | |
|---|---|
| **Date of Appointment** | Appointed as Additional Director on May 11, 2011. Further, on November 20, 2020, he was further re-appointed as Executive Director of the company. |
| **Terms of Appointment** | Liable to retire by rotation. |
| **Other Directorship** | **Public Limited:** NIL<br><br>**Private Limited:**<br>• Balaram Papers Private Limited<br>• AGL Sanitaryware Private Limited<br>• AGL Surfaces Private Limited |

**Mr. Kanaiyalal Bhikabhai Patel has changed his name on March 28, 2019 in The Gujarat Government Gazette and shall hereinafter known as Mr. Kanubhai Bhikhabhai Patel.*

| **Name** | **DIPTI A MEHTA** |
|---|---|
| **DIN** | 00112368 |
| **Date of Birth** | 28/10/1966 |
| **Age** | 55 years |
| **Designation** | Independent Director |
| **Address** | Room No. 29-30, 3rd Floor, 21 DS Kapole Niwas, 4th Khetwadi Lane, Opp. SVP Road, Mumbai Girgaon, Mumbai-400004 |
| **Occupation** | Professional |
| **Date of Appointment** | Appointed as Additional Independent Director on February 12, 2019. Further, on September 30, 2019, she was re-appointed as Independent Director of the company. |
| **Terms of Appointment** | Appointed for an initial period of 1 year and maximum period of 5 years from February 12, 2019 to February 11, 2024, may continue thereafter for a term not exceeding 5 years, if mutually agreed. |
| **Other Directorship** | **Public Limited:** Nil<br>**Private Limited:**<br>• Comstar Automotive Technologies Private Limited<br>• Mehta & Mehta Legal and Advisory Services Private Limited<br>• Serried Advisory Consultants Private Limited<br>• Mangalam Placement Private Limited<br>• Mppl Jobs Private Limited<br>• Mehta & Mehta Training and Knowledge Foundation |

| **Name** | **MUKESH MAHENDRABHAI SHAH** |
|---|---|
| **DIN** | 00084402 |
| **Date of Birth** | 31/01/1953 |
| **Age** | 69 years |
| **Designation** | Independent Director |
| **Address** | 231 7th Floor, Heritage Chambers, Shreeji Complex, Rabari Vasahat Road, Ambawadi, Ahmedabad Gujarat 380015 |
| **Occupation** | Professional |
| **Date of Appointment** | Appointed as Additional Independent Director on November 14, 2018. Further, on September 30, 2019, he was further re-appointed as Independent Director of the company. |
| **Terms of Appointment** | Appointed for an initial period of 1 year and maximum period of 5 years from November 14, 2018 to November 13, 2023, may continue thereafter for a term not exceeding 5 years, if mutually agreed. |
| **Other Directorship** | **Public Limited:**<br>• Adani Power Limited<br>• Adani Power Maharashtra Limited<br>• Adani Power Rajasthan Limited<br>• Adani Infra (India) Limited<br>**Private Limited:**<br>• Inspiron Engineering Private Limited<br>• Vinpack (India) Private Limited |

| | |
|---|---|
| | • Metalex Commodities Private Limited<br>• Aajkal Investments Pvt Ltd |

| **Name** | **HEMENDRAKUMAR CHAMANLAL SHAH** |
|---|---|
| **DIN** | 00077654 |
| **Date of Birth** | 02/05/1952 |
| **Age** | 69 years |
| **Designation** | Independent Director |
| **Address** | F/701, Tulip Citadel, Opp. ESIC Staff Quarters, Shreyas Terka, Ambawadi, Ahmedabad, Gujarat – 380015 |
| **Occupation** | Retired |
| **Date of Appointment** | Appointed as Additional Independent Director on March 20, 2017. Further, on September 21, 2017, he was re-appointed as Independent Director of the company. |
| **Terms of Appointment** | Re-Appointed for further period of 5 years from March 20, 2022 to March 19, 2027 |
| **Other Directorship** | **Public Limited:**<br>• Deep Industries Limited<br>• Denis Chem Lab Limited<br>• Sarkar Healthcare Limited<br>• Deep Energy Resources Limited<br>• Optimized Solutions Limited<br>• Prism Finance Limited<br>**Private Limited:** Nil |

| **Name** | **MAGANLAL JOITABHAI PRAJAPATI** |
|---|---|
| **DIN** | 00564105 |
| **Date of Birth** | 06/10/1946 |
| **Age** | 75 years |
| **Designation** | Independent Director |
| **Address** | Umanagar Society, Atmavallabh Hospital Same, Idar, Sabarkantha, Idar, Gujarat – 383430 IN |
| **Occupation** | Retired Professor |
| **Date of Appointment** | Appointed as Additional Independent Director on May 26 2021. On August 12, 2021 he was further re-appointed as Independent Director of the company. |
| **Terms of Appointment** | Appointed for an initial period of 1 year and maximum period of 5 years from May 26, 2021 to May 25, 2026, may continue thereafter for a term not exceeding 5 years, if mutually agreed. |
| **Other Directorship** | **Public Limited:**<br>• Amazoone Ceramics Limited<br>• Crystal Ceramic Industries Limited<br>**Private Limited:** Nil |

| **Name** | **INDIRA NITYANANDAM** |
|---|---|
| **DIN** | 06749538 |
| **Date of Birth** | 24/09/1951 |
| **Age** | 70 years |
| **Designation** | Independent Director |
| **Address** | No. 3, Vaibhavi Apartments, B/h. H.L. Commerce College, Navrangpura, Ahmedabad, Gujarat – 380009 IN |
| **Occupation** | Retired Professor |
| **Date of Appointment** | Appointed as Additional Independent Director on November 29, 2013. On September 30, 2014, she was re-appointed as Independent Director of the company. Further, on April 05, 2019, was appointed for second term. |
| **Terms of Appointment** | Appointed for period of 5 years from April 05, 2019 to March 31, 2021, may continue thereafter for a term not exceeding 5 years, if mutually agreed. |

| | |
|---|---|
| **Other Directorship** | **Public Limited:** Nil<br>**Private Limited:** Nil |

| **Name** | **KANDARP G TRIVEDI** |
|---|---|
| **DIN** | 00314065 |
| **Date of Birth** | 04/01/1977 |
| **Age** | 45 years |
| **Designation** | Independent Director |
| **Address** | 2, Krishna Apartments, 60, Azad Society, Ambawadi, Ahmedabad, Gujarat – 380015 |
| **Occupation** | Professional |
| **Date of Appointment** | Appointed as Additional Independent Director on June 26, 2021. Further on August 12, 2021 he was re-appointed as Independent Director of the company. |
| **Terms of Appointment** | Appointed for an initial period of 1 year and maximum period of 5 years from June 26, 2021 to June 25, 2026, may continue thereafter for a term not exceeding 5 years, if mutually agreed. |
| **Other Directorship** | **Public Limited:**<br>• Amazoone Ceramics Limited<br>• Crystal Ceramic Industries Limited<br>**Private Limited:** Nil |

## CONFIRMATIONS

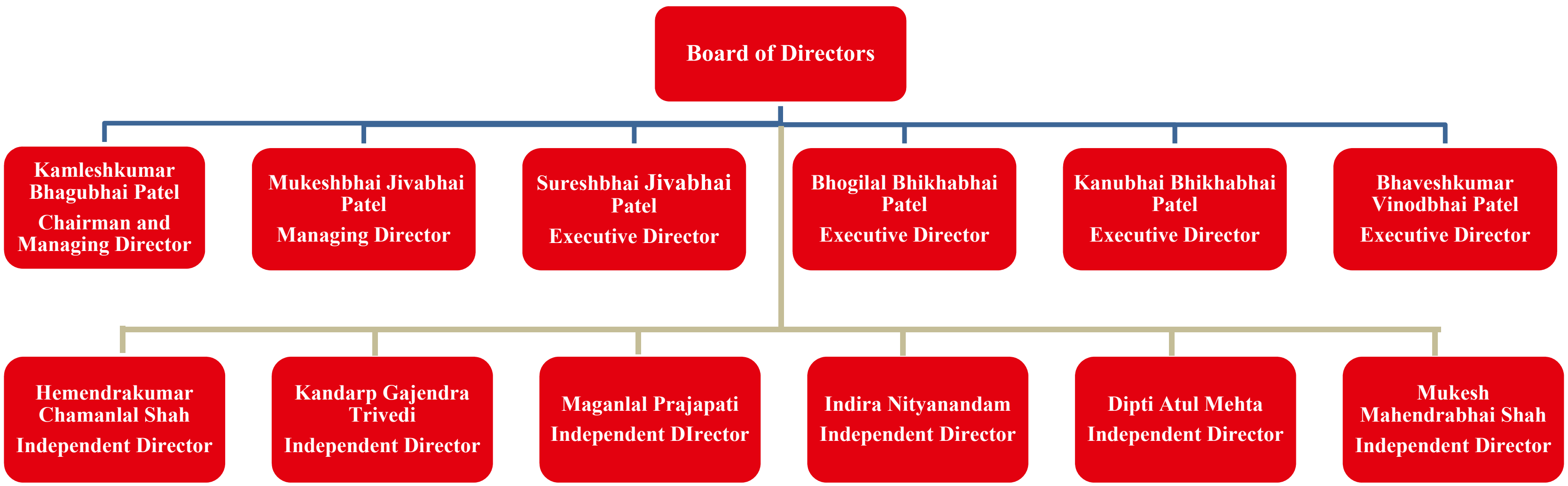
As on the date of this Draft Letter of Offer:

1) None of our directors are or were directors of any listed companies whose shares have been/were: -

   (a) Suspended from trading by any of the stock exchange(s) during his/her tenure in such company/companies in the last 5 years or

   (b) Delisted from the stock exchanges during the term of their directorship in such company/companies in last 10 years.

## MANAGEMENT ORGANISATION STRUCTURE




## DETAILS OF SENIOR AND KEY MANAGEMENT

| S. No. | Name | Date of Appointment | Designation |
|---|---|---|---|
| 1. | Kamleshkumar Bhagubhai Patel | 30/09/2002 | Chairman and Managing Director |
| 2. | Mukeshbhai Jivabhai Patel | 30/09/2002 | Managing Director |
| 3. | Sureshbhai Jivabhai Patel | 11/05/2011 | Executive Director |
| 4. | Bhogibhai Jivabhai Patel | 11/05/2011 | Executive Director |
| 5. | Kanubhai Bhikhabhai Patel | 11/05/2011 | Executive Director |
| 6. | Bhaveshbhai Vinodbhai Patel | 11/05/2011 | Executive Director |
| 7. | Amarendra Kumar Gupta | 15/11/2019 | Chief Financial Officer |
| 8. | Dhruti Mahesh Trivedi | 11/11/2020 | Company Secretary & Compliance Officer |

## SECTION V – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIATED FINANCIAL RESULTS**

TO
**THE BOARD OF DIRECTORS OF**
**ASIAN GRANITO INDIA LIMITED**

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of ASIAN GRANITO INDIA LIMITED ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and Nine months ended December, 31 2021 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder 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). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

   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 entities:

   i. Asian Granito India Limited (Parent)
   ii. AGL Industries Limited (Subsidiary, Including its subsidiary Powergrace Industries Limited)
   iii. Crystal Ceramic Industries Private Limited (Subsidiary)
   iv. Amazoone Ceramics Limited (Subsidiary, Including its subsidiary Gresart Ceramic Private Limited)
   v. AGL Global Trade Private Limited (Subsidiary)

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 Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the interim financial information/ financial result of 2 Subsidiaries included in the consolidated unaudited financial results, whose interim financial information/financial result before giving effects to the Consolidation adjustments, reflect total revenues of Rs. 7475.87 lakhs and Rs. 19022.07 lakhs for the quarter and Nine months ended December 31, 2021 respectively, total net profit after tax of Rs. 36.01 lakhs and Rs. 194.27 lakhs for the quarter and Nine months ended December 31,

2021 respectively and total comprehensive income of Rs 30.48 lakhs and Rs 177.67 lakhs for the quarter and Nine months ended December 31, 2021 respectively.

These interim financial information/result have been reviewed by other auditor 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 subsidiary is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

**For R R S & Associates**
**Chartered Accountants**
**FR No.: 118336W**

**Date: 11/02/2022**
**Place: Ahmedabad**

**Purva Shah**
**Partner**
**Membership No. 142877**
**UDIN – 22142877ABIMIC7945**

**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021** **(Rs in lakhs)**

| | Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | December 31, 2021 | September 30, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 | March 31, 2021 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | Revenue from operations | 43,664.17 | 37,575.31 | 38,445.54 | 1,08,537.73 | 85,815.94 | 1,29,229.94 |
| 2 | Other Income | 144.92 | 3,881.70 | 56.13 | 4,051.83 | 120.48 | 133.85 |
| 3 | **Total Income (1 + 2)** | **43,809.09** | **41,457.01** | **38,501.67** | **1,12,589.56** | **85,936.42** | **1,29,363.79** |
| 4 | **Expenses:** | | | | | | |
| | a) Cost of Materials Consumed | 8,282.02 | 7,072.35 | 6,530.46 | 20,615.97 | 14,043.86 | 21,454.77 |
| | b) Purchase of Stock-in-Trade | 20,057.13 | 15,780.03 | 19,507.63 | 47,983.30 | 41,856.74 | 64,433.11 |
| | c) Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | (572.27) | 1,039.35 | (956.21) | (83.13) | 76.70 | (1,684.29) |
| | d) Employee Benefit Expenses | 2,758.70 | 2,927.04 | 2,247.19 | 8,171.91 | 6,460.12 | 9,128.22 |
| | e) Finance Costs | 556.94 | 631.37 | 799.77 | 1,810.81 | 2,471.09 | 3,275.13 |
| | f) Depreciation and Amortization Expenses | 723.99 | 771.58 | 722.38 | 2,217.69 | 2,204.15 | 2,934.82 |
| | g) Power & Fuel Expense | 5,290.71 | 4,196.19 | 3,172.50 | 12,287.00 | 6,898.48 | 10,635.51 |
| | h) Other Expenses | 4,139.87 | 3,211.91 | 2,996.29 | 10,011.86 | 7,017.74 | 11,667.38 |
| | **Total Expenses** | **41,237.09** | **35,629.82** | **35,020.01** | **1,03,015.41** | **81,028.88** | **1,21,844.65** |
| 5 | **Profit before tax (3-4)** | **2,572.00** | **5,827.19** | **3,481.66** | **9,574.15** | **4,907.54** | **7,519.14** |
| 6 | **Tax Expense** | | | | | | |
| | ( a ) Current Tax | 642.18 | 488.01 | 758.36 | 1,479.57 | 1,002.25 | 1,569.14 |
| | ( b ) Earlier Year Tax | - | - | (4.25) | - | (4.25) | (6.57) |
| | ( c ) Deferred Tax | 133.08 | (61.59) | 222.93 | 92.33 | 245.95 | 389.50 |
| | **Total Tax Expense** | **775.26** | **426.42** | **977.04** | **1,571.90** | **1,243.95** | **1,952.07** |
| 7 | **Net Profit for the period / year (5-6)** | **1,796.74** | **5,400.77** | **2,504.62** | **8,002.25** | **3,663.59** | **5,567.07** |
| 8 | Share of Profit of Associate (Net of Taxes) | (0.00) | 15.64 | 53.65 | 50.36 | 65.61 | 193.84 |
| 9 | **Net Profit for the period / year after Share of Profit of Associate (7+8)** | **1,796.74** | **5,416.41** | **2,558.27** | **8,052.61** | **3,729.20** | **5,760.91** |
| 10 | **Other Comprehensive Income (OCI)** | | | | | | |
| | Items that will not be reclassified to profit or loss | | | | | | |
| | - Remeasurements of defined benefit plans | 0.08 | (8.29) | (9.03) | 0.10 | (26.73) | 32.51 |
| | - Income Tax relating to above items | (0.58) | 0.83 | 2.08 | (1.71) | 6.17 | (7.82) |
| | **Total Other Comprehensive income for the period / year** | **(0.50)** | **(7.46)** | **(6.95)** | **(1.61)** | **(20.56)** | **24.69** |
| 11 | **Total Comprehensive income for the period / year (9 + 10)** | **1,796.24** | **5,408.95** | **2,551.32** | **8,051.00** | **3,708.64** | **5,785.60** |
| 12 | **Net Profit for the period / year attributable to:** | | | | | | |
| | ( a ) Owners | 1,781.26 | 5,382.60 | 2,497.11 | 7,985.62 | 3,740.84 | 5,700.05 |
| | ( b ) Non-controlling interests | 15.48 | 33.81 | 61.16 | 66.99 | (11.64) | 60.86 |
| | **Other Comprehensive Income for the period / year attributable to:** | | | | | | |
| | ( a ) Owners | 1.16 | (3.71) | (6.35) | 3.39 | (18.84) | 23.05 |
| | ( b ) Non controlling interests | (1.66) | (3.75) | (0.60) | (5.00) | (1.72) | 1.64 |
| | **Total Comprehensive income for the period / year attributable to:** | | | | | | |
| | ( a ) Owners | 1,782.42 | 5,378.89 | 2,490.76 | 7,989.01 | 3,722.00 | 5,723.10 |
| | ( b ) Non controlling interests | 13.82 | 30.06 | 60.56 | 61.99 | (13.36) | 62.50 |
| 13 | Paid up Equity Share capital (Face Value ₹ 10 per share) | **5,675.16** | **3,428.74** | **3,093.74** | **5,675.16** | **3,093.74** | **3,405.44** |
| 14 | Other Equity | - | - | - | - | - | 59,192.36 |
| 15 | Earnings per Share (not annualised for quarters) (Face value of ₹ 10/- each) | | | | | | |
| | - Basic EPS (in ₹) | 3.36 | 15.70 | 8.08 | 19.68 | 12.30 | 18.57 |
| | - Diluted EPS (in ₹) | 3.36 | 15.70 | 8.08 | 19.68 | 12.30 | 18.57 |
| | **See accompanying notes to the financial results** | | | | | | |

**NOTES ON UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021**

**Notes :**

1. The above unaudited consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors of Asian Granito India Limited (the "Holding Company", together with its subsidiaries, referred to as "the Group") at its meetings held on February 11, 2022.

2. The Statutory Auditors have carried out limited review of the unaudited consolidated financial results for the quarter and nine months ended on December 31, 2021.

3. These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued there-under and in terms of the Regulation 33 of the SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 (the "Listing Regulations"), as modified by Circular dated July 5, 2016.

4. The Group has only one reportable segment viz., Tiles & Marbles as per Ind AS 108 – Operating Segment.

5. COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption. In assessing the recoverability of receivables and other financials assets, the Group has considered internal and external information up to the date of approval of these Consolidated financial results. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these consolidated financial results and the Group will continue to closely monitor any material changes to future economic conditions.

6. The standalone financial results are available on Company's website (www.aglasiangranito.com) and on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com). The specified items of the unaudited standalone financial results of the Company for the quarter and nine months ended on December 31, 2021 are given below:

**(₹ in Lakhs)**

| Particulars | Quarter Ended | | | Nine Months Ended | | Year Ended |
|---|---|---|---|---|---|---|
| | December 31, 2021 | September 30, 2021 | December 31, 2020 | December 31, 2021 | December 31, 2020 | March 31, 2021 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| Total Income | 37,822.30 | 35,365.72 | 28,950.70 | 96,930.68 | 67,906.14 | 1,03,654.99 |
| Profit before tax | 2,371.24 | 5,617.40 | 2,979.58 | 8,989.47 | 4,582.41 | 6,586.58 |
| Profit after tax | 1,643.13 | 5,204.54 | 2,121.94 | 7,543.46 | 3,409.90 | 4,922.26 |
| Total Comprehensive Income | 1,648.32 | 5,209.73 | 2,117.14 | 7,559.03 | 3,395.49 | 4,943.03 |

7. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post- employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

8. On September 04, 2021 the Board of Directors of the Holding Company had approved the issue of 2,24,64,188 equity shares of face value of ₹ 10 each (the "Rights Issue Shares") at a price of ₹ 100 per Rights Equity Shares (including premium of ₹ 90 per Rights Equity Share) in the ratio of 19:29, i.e. 19 Rights Equity Shares for every 29 existing Equity Shares held by the eligible equity shareholders as on the record date, i.e. September 09, 2021. The issue was oversubscribed and the Holding Company received bids for 2,58,86,126 number of Rights Equity shares. On October 16, 2021, the Board of Directors of the Holding Company approved the allotment of 2,24,64,188 equity shares of face value ₹ 10/- each to the eligible equity shareholders as fully paid up. The expenses related to rights issue is adjusted with the security premium account by ₹ 632.98 Lakhs, and there is no rights issue related expenses debited to profit and loss account of the current quarter. The proceeds of the issue are utilized in accordance with the details set forth below:

**(₹ in Lakhs)**

| **Sr No** | **Item Head** | **Amount as proposed in Letter of offer dated September 04, 2021** | **Amount Utilized during the Period** | **Total Unutilized Amount** |
|---|---|---|---|---|
| i | Part repayment / Pre-payment of certain secured loans availed from lenders | 8000.00 | 8000.00 | - |
| ii | To meet working capital requirements | 8375.00 | 8375.00 | - |
| iii | Issue expenses saved added with General Corporate Proceeds as per Rights Issue LOF dated September 04, 2021 * | 1150.00 | 632.98 | 517.02 |
| iv | General Corporate Proceeds ( as per as per Rights Issue LOF dated September 04, 2021 was ₹ 4939.19 Lakhs and saved issue expenses added) | 4939.19 | 4168.52 | 770.67 |
| | **Total **** | **22464.19** | **21176.50** | **1287.69** |

*The total estimates for the issue related expenses were ₹ 1150.00 Lakhs as per Objects of the Issue Set out in offer letter dated September 04, 2021, out of which company has incurred only ₹ 632.98 Lakhs (Excluding GST) (till quarter ended December 31, 2021).

** Unutilized amount of ₹ 1287.69 Lakhs as on December 31, 2021, has been placed in Bank Fixed Deposits.

9. The Holding Company has incorporated Wholly owned subsidiary named AGL Surfaces Private Limited, Future Ceramic Private Limited & AGL Sanitary ware Private Limited for manufacturing of various tiles and sanitary ware on January 12, 2022, February 03, 2022 & February 07, 2022 respectively having its equity share capital of 10,000 equity shares of ₹ 10 each. The paid up capital will subscribed during next quarter.

## NOTES ON UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021

10. During the quarter, the Subsidiary Company Amazoone Ceramics Limited have subscribed for 43,15,800 Equity Shares of ₹ 10 each in Gresart Ceramica Private Limited (Wall tiles manufacturing) aggregating 61.04% of the equity share capital making it a step down subsidiary of the Holding Company. However till December 31, 2021 the Company has not started any commercial operation, hence there is no impact in profit & loss.

11. During quarter ended September 30, 2021, Other income includes ₹ 3,800.88 Lakhs as profit from sale of equity shares investment of Astron Paper and Board Mill Limited, an Associate of Holding Company.

12. The figures pertaining to previous periods have been regrouped and restated wherever necessary, to make them comparable.

**By the order of the Board of Directors**
**For, Asian Granito India Limited**

**Place : Ahmedabad**
**Date : February 11, 2022**

**Kamleshbhai B. Patel**
**Chairman & Managing Director**

## INDEPENDENT AUDITOR'S REPORT

**TO**
**THE MEMBERS OF**
**ASIAN GRANITO INDIA LIMITED**

### Report on the Audit of the Consolidated Financial Statements Opinion

We have audited the accompanying consolidated financial statements of **ASIAN GRANITO INDIA LIMITED** (the "Company") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") and its associate, which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 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 Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the IndianAccounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021 and their consolidated profit, their consolidated total comprehensive income, their consolidated changes in equity and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SA"s) specified under section 143 (10) of the Act. Our responsibilities under thoseStandards 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 Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with theethical requirements that are relevant to our audit of the consolidated financial statements under theprovisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed inthe context of our audit of the consolidated financial statements as a whole, and in forming our opinionthereon, 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.

| Key audit matters | How our audit addressed the key audit matters |
|---|---|
| During the year ended on March 31, 2021, the Company has allotted 39,67,000 equity shares (Instrument value of ₹ 180/-) of face value of ₹ 10/- each and premium of ₹ 170/- each. Amount received on allotment of equity shares has been depicted in 'Equity Share Capital and Other Equity' inthe Balance Sheet as at March 31, 2021. As the allotment of equity shares by the Company during the year ended on March 31, 2021, has the effect | • We gained an understanding of the process of allotment of equity shares followed by the company, to include amongst others:<br>• Passing of resolution in a validly convened and constituted Board meeting of the Company.<br>• Passing of resolution in a validly convened and constituted general meeting of the Company. |

| | |
|---|---|
| of enhancing the Equity of the Company the same is considered to be a key audit matter. | • Obtained permission from the BSE&NSE Limited. Under (Listing obligations and Disclosure requirements) Regulations, 2015.<br>• We assessed the adequacy of disclosuresin the financial statements. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Corporate Governance Report and Shareholder's Information, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date ofthis auditor's report.

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

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

When we read the Other Information, if we conclude that there is a material misstatement therein, weare required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act withrespect to the preparation and presentation of these consolidated financial statements that give a trueand fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respectiveBoards of Directors of the companies included in the Group are responsible for maintenance of adequateaccounting records in accordance with the provisions of the Act for safeguarding the assets of the Groupand for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation andpresentation of the 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 ofthe consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Boards of Directors of the companiesincluded in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concernbasis of accounting unless the respective Boards of Directors either intend to liquidate their respectiveentities or to cease operations, or has no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**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 isnot a guarantee that an audit conducted in accordance with SAs will always detect a materialmisstatement when it exists. Misstatements can arise from fraud or error and are considered materialif, 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, andobtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk ofnot 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 Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companieswhich are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and,based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor'sreport to the related disclosures in the consolidated financial statements or, if such disclosures areinadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to ceaseto 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 within the Group 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 theindependent auditors.

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 the Company and such other entities included in the consolidated financial statements of which we are the 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 relevantethical 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 Matter**

1) We did not audit the financial statements of four subsidiaries whose financial statements, reflect total assets of ₹ 11565.39 Lakhs as at March 31, 2021, total income of ₹ 15829.36 Lakhs, total net profit after tax of ₹ 493.10 Lakhs, total comprehensive income of ₹ 492.37 Lakhs and net cash outflow amounting to ₹ 198.46 Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 193.84 Lakhs for the year ended March 31, 2021, as considered in the consolidated financial statements, in respect of oneassociate whose financial statements have not been audited by us. These financial statements have beenaudited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate and our report in terms of sub-section (3) of Section 143 of theAct, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above 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.

**Report on Other Legal and Regulatory Requirements**

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant 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.

(e) On the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Boards of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in **"Annexure A"** which is based onthe auditors' reports of the Company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

(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 to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions ofsection 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Group in its consolidated financial statements.

ii) The Holding Company and its Subsidiary Companies, did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2021;

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 subsidiary companies incorporated in India.

**For R.R.S. & Associates**
**Chartered Accountants**
**FRN.118336W**

**Rajesh R Shah (Partner)**
**Membership No. 034549**
**UDIN: 21034549AAAAAS2176**

**Place: Ahmedabad**
**Date: May 31, 2021**

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Asian Granito India Limited of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 the Company as on and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of **ASIAN GRANITO INDIA LIMITED** (hereinafter referred to as “Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Boards of Directors of the Company and its subsidiary 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 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 (the “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 the respective 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 of the Company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India(“ICAI”) and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 internalfinancial 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 selecteddepend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

**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 authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial 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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Company and its subsidiary companies which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2021, based on the criteria for internal financial control over financial reporting 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 ICAI.

**Other Matter**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to four subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

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

**For R.R.S. & Associates**
**Chartered Accountants**
**FRN.118336W**

**Rajesh R Shah (Partner)**
**Membership No. 034549**
**UDIN: 21034549AAAAAS2176**

**Place: Ahmedabad**
**Date: May 31, 2021**

**Consolidated Balance Sheet as at March 31, 2021** (₹ in Lakhs)

| Particulars | | Notes | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|---|
| **I** | **ASSETS** | | | |
| **1** | **Non-Current Assets** | | | |
| (a) | Property, Plant and Equipment | 2 | 44,552.14 | 44,830.13 |
| (b) | Capital Work-in-Progress | 2 | 2,442.51 | 937.45 |
| (c) | Right of Use Assets | 3 | 794.83 | 1,064.96 |
| (d) | Investment Property | 4 | 50.76 | 50.76 |
| (e) | Goodwill | 5 | 331.67 | 331.67 |
| (f) | Financial Assets | | | |
| | (i) Investments | 6 | 2,677.13 | 2,878.64 |
| | (ii) Loans | 7 | 167.00 | 207.35 |
| | (iii) Other Financial Assets | 8 | 176.91 | 112.65 |
| (g) | Other Non-Current Assets | 9 | 1,254.66 | 1,463.45 |
| | **Total Non-Current Assets** | | **52,447.61** | **51,877.06** |
| **2** | **Current Assets** | | | |
| (a) | Inventories | 10 | 31,931.05 | 29,175.71 |
| (b) | Financial Assets | | | |
| | (i) Investments | 6 | 1,950.40 | 101.43 |
| | (ii) Trade Receivables | 11 | 42,028.49 | 37,425.41 |
| | (iii) Cash and Cash Equivalents | 12 | 1,461.33 | 289.63 |
| | (iv) Bank Balances other than (iii) above | 12 | 389.91 | 1,027.41 |
| | (v) Loans | 7 | 1,361.43 | 717.63 |
| | (vi) Other Financial Assets | 8 | 1,171.26 | 2,376.11 |
| (c) | Other Current Assets | 9 | 3,964.67 | 2,919.85 |
| | **Total Current Assets** | | **84,258.54** | **74,033.18** |
| | **Total Assets** | | **1,36,706.15** | **1,25,910.24** |
| **II** | **EQUITY AND LIABILITIES** | | | |
| **1** | **EQUITY** | | | |
| (a) | Equity Share Capital | 13 | 3,405.44 | 3,008.74 |
| (b) | Other Equity | 14 | 59,192.36 | 48,727.07 |
| | **Equity attributable to Owners** | | **62,597.80** | **51,735.81** |
| | **Non-Controlling Interest** | 14 | **2,982.90** | **2,920.40** |
| | **Total Equity** | | **65,580.70** | **54,656.21** |
| **2** | **LIABILITIES** | | | |
| **(i)** | **Non-Current Liabilities** | | | |
| (a) | Financial Liabilities | | | |
| | (i) Borrowings | 15 | 11,050.60 | 8,086.58 |
| | (ii) Lease Liabilities | 41 | 691.29 | 814.27 |
| | (iii) Trade Payables | 16 | | |
| | Total outstanding dues of micro enterprises and small enterprises | | - | - |

**Consolidated Balance Sheet as at March 31, 2021** **(₹ in Lakhs)**

| **Particulars** | | | **Notes** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|---|---|
| | | Total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,818.23 | - |
| | | (iv) Other Financial Liabilities | 17 | 36.76 | 36.48 |
| | (b) | Provisions | 18 | 279.75 | 349.39 |
| | (c) | Deferred Tax Liabilities (Net) | 19 | 2,861.59 | 2,464.27 |
| | **Total Non-Current Liabilities** | | | **17,738.22** | **11,750.99** |
| **(ii)** | **Current Liabilities** | | | | |
| | (a) | Financial Liabilities | | | |
| | | (i) Borrowings | 15 | 14,451.79 | 22,803.61 |
| | | (ii) Lease Liabilities | 41 | 201.05 | 312.37 |
| | | (iii) Trade Payables | 16 | | |
| | | Total outstanding dues of micro enterprises and small enterprises | | 237.72 | 199.28 |
| | | Total outstanding dues of creditors other than micro enterprises and small enterprises | | 29,957.76 | 30,822.54 |
| | | (iv) Other Financial Liabilities | 17 | 5,292.30 | 3,272.13 |
| | (b) | Other Current Liabilities | 20 | 2,507.76 | 1,593.74 |
| | (c) | Provisions | 18 | 413.16 | 383.60 |
| | (d) | Current Tax Liabilities (Net) | 21 | 325.69 | 115.77 |
| | **Total Current Liabilities** | | | **53,387.23** | **59,503.04** |
| | **Total Liabilities** | | | **71,125.45** | **71,254.03** |
| | **Total Equity and Liabilities** | | | **1,36,706.15** | **1,25,910.24** |
| **Significant Accounting Policies** | | | 1 | | |
| **See accompanying notes to the Financial Statements** | | | **2 – 51** | | |

**As per our report of even date attached**
**For R R S & Associates**
**Chartered Accountants**
**ICAI Firm Reg. No.-118336W**

**Rajesh Shah**
**Partner**
**Membership No.-034549**
**Place: Ahmedabad**
**Date: May 31, 2021**

**For and on behalf of the Board of Directors**

**Kamleshbhai B. Patel**
**Chairman & Managing Director**
**DIN: 00229700**

**Mukeshbhai J. Patel**
**Managing Director**
**DIN: 00406744**

**CA Amarendra Kumar Gupta**
**Chief Financial Officer**
**Membership No.-063510**
**Place: Ahmedabad**

**Dr. Dhruti Trivedi**
**Company Secretary**
**Membership No.-A31842**

**Consolidated Statement of Profit and Loss for the Year Ended March 31, 2021** **(₹ in Lakhs)**

| Particulars | Notes | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| **1 Income** | | | |
| Revenue from Operations | **22** | 1,29,229.94 | 1,22,453.47 |
| Other Income | **23** | 352.33 | 773.95 |
| **Total Income** | | **1,29,582.27** | **1,23,227.42** |
| **2 Expenses** | | | |
| Cost of Materials Consumed | **24** | 21,454.77 | 30,651.36 |
| Purchase of Stock-in-Trade | | 64,433.11 | 43,059.39 |
| Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress | **25** | (1684.29) | (218.33) |
| Employee Benefits Expenses | **26** | 9,128.22 | 10,849.41 |
| Finance Costs | **27** | 3,493.61 | 4,000.75 |
| Depreciation and Amortisation Expenses | **28** | 2,934.82 | 3,077.91 |
| Power & Fuel | **29** | 10,635.51 | 13,007.68 |
| Other Expenses | **30** | 11,667.38 | 13,334.17 |
| **Total Expenses** | | **1,22,063.13** | **1,17,762.34** |
| **3 Profit before Share of Profit of Associate & Joint Venture (1-2)** | | **7,519.14** | **5,465.08** |
| **4 Share in profit of Associate & Joint Venture** | | 193.84 | 253.23 |
| **5 Profit before tax (3+4)** | | **7,712.98** | **5,718.31** |
| **6 Tax Expense** | | | |
| (1) Current Tax | | 1,569.14 | 1,250.10 |
| (2) Earlier Year Tax | | (6.57) | 222.28 |
| (3) Deferred Tax | | 389.50 | (358.65) |
| **Total Tax Expense** | | **1,952.07** | **1,113.73** |
| **7 Profit for the Year (5-6)** | | **5,760.91** | **4,604.58** |
| **8 Other Comprehensive Income** | | | |
| **Items that will not be reclassified to Profit or Loss** | | | |
| (i) Re-measurements of defined benefit plans | | 32.51 | (26.86) |
| (ii) Income tax relating to above items | | (7.82) | 6.33 |
| **Total Other Comprehensive Income (i + ii)** | | **24.69** | **(20.53)** |
| **9 Total Comprehensive Income for the Year (7 + 8)** | | **5,785.60** | **4,584.05** |
| **Profit Attributable to:** | | | |
| **(i)** Owners | | 5,700.05 | 4,218.00 |
| **(ii)** Non-Controlling Interest | | 60.86 | 386.58 |
| **Other Comprehensive Income Attributable To** | | | |
| **(i)** Owners | | 23.05 | (19.20) |

**Consolidated Statement of Profit and Loss for the Year Ended March 31, 2021** **(₹ in Lakhs)**

| Particulars | Notes | Year Ended March 31, 2021 | Year Ended March 31, 2020 |
|---|---|---|---|
| **(ii)** Non-Controlling Interest | | 1.64 | (1.33) |
| **Total Comprehensive Income Attributable To** | | | |
| **(i)** Owners | | 5,723.10 | 4,198.80 |
| **(ii)** Non-Controlling Interest | | 62.50 | 385.25 |
| **Earnings per equity Share (Face value of ₹ 10 each)** | **34** | | |
| (1) Basic (in ₹) | | 18.57 | 14.02 |
| (2) Diluted (in ₹) | | 18.57 | 14.02 |
| **Significant Accounting Policies** | **1** | | |
| **See accompanying notes to the Financial Statements** | **2 - 51** | | |

**As per our report of even date attached**
**For R R S & Associates**
**Chartered Accountants**
**ICAI Firm Reg. No.-118336W**

**Rajesh Shah**
**Partner**
**Membership No.-034549**
**Place: Ahmedabad**
**Date: May 31, 2021**

**For and on behalf of the Board of Directors**

**Kamleshbhai B. Patel**
**Chairman & Managing Director**
**DIN: 00229700**

**Mukeshbhai J. Patel**
**Managing Director**
**DIN: 00406744**

**CA Amarendra Kumar Gupta**
**Chief Financial Officer**
**Membership No.-063510**
**Place: Ahmedabad**

**Dr. Dhruti Trivedi**
**Company Secretary**
**Membership No.-A31842**

**Statement of Cash Flow for the Year Ended March 31, 2021**

(₹ in Lakhs)

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **Cash Flow From Operating Activities** | | | |
| **Profit Before Tax** | | **7,712.98** | **5,718.31** |
| Adjustment for : | | | |
| Depreciation | | 2,934.82 | 3,077.91 |
| Interest Paid | | 3,493.61 | 4,000.75 |
| Interest Income | | (275.99) | (353.66) |
| Allowance for Expected Credit Loss | | 159.87 | 175.09 |
| Net (Gain) / Loss on Sale of Property, Plant & Equipment | | 45.55 | 4.54 |
| Share in profit of Associate & Joint Venture | | (193.84) | (253.23) |
| (Gain) on Account of Derecognition of Subsidiary | | - | (308.40) |
| Rent concession on Lease Rentals | | (87.38) | - |
| (Gain) on Sale of Lease Asset | | (15.81) | - |
| **Operating Profit before Working Capital changes** | | **13,773.81** | **12,061.31** |
| Changes in Working Capital | | | |
| Adjustment for : | | | |
| (Increase) / Decrease in Inventories | | (2,755.34) | 228.15 |
| (Increase) / Decrease in Trade Receivables | | (4,762.95) | 1,626.95 |
| (Increase) / Decrease in Financial Assets | | 542.69 | (1,583.11) |
| (Increase) / Decrease in Other Assets | | (836.05) | (2,212.44) |
| Increase / (Decrease) in Trade Payables | | 1,991.89 | (1,479.24) |
| Increase / (Decrease) in Other Financial Liabilities | | 138.45 | (257.18) |
| Increase / (Decrease) in Other Liabilities | | 914.02 | (1,442.99) |
| Increase / (Decrease) in Provisions | | (6.65) | 133.30 |
| **Cash generated from operations before Income Tax Paid** | | **8,999.87** | **7,074.76** |
| Direct Taxes Paid | | (1,352.65) | (1,426.02) |
| **Net Cash Flow From Operating Activities** | **( A )** | **7,647.22** | **5,648.74** |
| | | | |
| **Cash Flow From Investing Activities** | | | |
| Payments for purchase of Property, Plant & Equipment including Capital Work-in-Progress | | (4,062.72) | (5,532.19) |
| Proceeds from sales of Property, Plant & Equipment | | 190.67 | 75.73 |
| Proceeds / (Payments) of term deposits | | 636.60 | (953.72) |
| (Purchase) / Sale in Investments (Net) | | 394.42 | 2,000.65 |
| Interest Received | | 275.99 | 353.66 |
| **Net Cash Flow Used In Investing Activities** | **( B )** | **(2,565.04)** | **(4,055.87)** |

**Statement of Cash Flow for the Year Ended March 31, 2021**

(₹ in Lakhs)

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **Cash Flow From Financing Activities** | | | |
| Proceeds from Non-Current Borrowings (Net) | | 4,846.03 | (2,058.44) |
| Increase/ (Decrease) in Current Borrowings (Net) | | (8,351.82) | 397.57 |
| Interest Paid | | (3,396.46) | (3,876.82) |
| Issue of Preferential Share Warrants | | 5,355.45 | 2,115.00 |
| Payment of lease liability | | (299.05) | (331.59) |
| Dividend paid | | (215.66) | (180.64) |
| Dividend Distribution Tax paid | | - | (37.11) |
| **Net Cash Flow Used In Financing Activities** | **( C )** | **(2,061.51)** | **(3,972.02)** |
| **Net Increase in cash and cash equivalents during the year** | **(A + B + C)** | **3,020.67** | **(2,379.16)** |
| Add: Cash and cash equivalents at the beginning for the year | | 391.06 | 2,776.86 |
| Less: Cash and cash equivalents disposed On Account of De-recognition of Subsidiary | | - | (6.64) |
| **Cash and cash equivalents at the end for the year** | | **3,411.73** | **391.06** |

**Notes:**

**(a) Components of Cash & Cash Equivalents**

(₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Cash and Cash Equivalents: (Refer Note 12)** | | | |
| Cash on Hand | | 23.42 | 18.48 |
| Balance with Bank | | 1,246.54 | 271.15 |
| Term Deposits with Bank | | 191.37 | - |
| | **Sub Total - A** | **1,461.33** | **289.63** |
| **Current Investments: (Refer Note 6)** | | | |
| Investment in Mutual Funds | | 1,950.40 | 101.43 |
| | **Sub Total - B** | **1,950.40** | **101.43** |
| | **Total (A + B)** | **3,411.73** | **391.06** |

**(b) Reconciliation of liabilities arising from financing activities**

(₹ in Lakhs)

| As at March 31, 2021 | Opening Balance | Cash Flows | Non Cash Changes | On Account of De-recognition of Subsidiary | ClosingBalance |
|---|---|---|---|---|---|
| Long term Borrowings (Incl. Current maturity) | 9,261.54 | 4,846.03 | - | - | **14,107.57** |
| Short term Borrowings | 22,803.61 | (8,351.82) | - | - | **14,451.79** |

| | | | | |
|---|---|---|---|---|
| **Total liabilities from financing activities** | **32,065.15** | **(3,505.79)** | **-** | **28,559.36** |

**(₹ in Lakhs)**

| As at March 31, 2020 | Opening Balance | Cash Flows | Non CashChanges | On Account of De-recognition of Subsidiary | ClosingBalance |
|---|---|---|---|---|---|
| Long term Borrowings (Incl. Current maturity) | 12,560.57 | (2,058.44) | - | (1,240.59) | **9,261.54** |
| Short term Borrowings | 23,498.08 | 397.57 | - | (1,092.04) | **22,803.61** |
| **Total liabilities from financing activities** | **36,058.65** | **(1,660.87)** | **-** | **(2,332.63)** | **32,065.15** |

**(c)** The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in the Ind AS 7 onStatement of Cash Flows as notified under Companies (Accounts) Rules, 2015.

**Significant Accounting Policies** **1**

**See accompanying notes to the Financial Statements** **2 – 51**

**As per our report of even date attached**
**For R R S & Associates**
**Chartered Accountants**
**ICAI Firm Reg. No.-118336W**

**Rajesh Shah**
**Partner**
**Membership No.-034549**
**Place: Ahmedabad**
**Date: May 31, 2021**

**For and on behalf of the Board of Directors**

**Kamleshbhai B. Patel**
**Chairman & Managing Director**
**DIN: 00229700**

**Mukeshbhai J. Patel**
**Managing Director**
**DIN: 00406744**

**CA Amarendra Kumar Gupta**
**Chief Financial Officer**
**Membership No.-063510**
**Place: Ahmedabad**

**Dr. Dhruti Trivedi**
**Company Secretary**
**Membership No.-A31842**

**Statement of Changes in Equity for the Year Ended March 31, 2021**

**A Equity Share Capital** **(₹ in Lakhs)**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Balance at the beginning of the year** | 3,008.74 | 3,008.74 |
| Changes in Equity share capital during the year | 396.70 | - |
| **Balance at the end of the year** | **3,405.44** | **3,008.74** |

**B Other Equity** **(₹ in Lakhs)**

| Particulars | Reserves & Surplus | | | | Preferential Share Warrants | Total Equity attributable to Owners | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve on Consolidation | Security Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at April 1, 2019** | **3,362.67** | **7,690.51** | **890.00** | **30,158.48** | **-** | **42,101.66** | **3,612.90** | **45,714.56** |
| Profit for the year | - | - | - | 4,218.00 | - | **4218.00** | 386.58 | **4,604.58** |
| Other Comprehensive Income for the year | - | - | - | (19.20) | - | **(19.20)** | (1.33) | **(20.53)** |
| **Total Comprehensive Income for the year** | - | - | - | **4,198.80** | - | **4,198.80** | **385.25** | **4,584.05** |
| Profit / Loss On Account of De-recognition of Subsidiary (Refer Note 44) | - | - | - | (327.62) | - | **(327.62)** | (1077.75) | **(1405.37)** |
| Profit / Loss on Account of De-recognition of Joint Venture (Refer Note 6) | - | - | - | 856.86 | - | **856.86** | - | **856.86** |
| Issue of Preferential Share Warrants | - | - | - | - | 2,115.00 | **2,115.00** | - | **2115.00** |
| Dividends (Refer Note 14.2) | - | - | - | (180.52) | - | **(180.52)** | - | **(180.52)** |
| Dividend Distribution Tax (Refer Note 14.2) | - | - | - | (37.11) | - | **(37.11)** | - | **(37.11)** |
| **Balance as at March 31, 2020** | **3,362.67** | **7,690.51** | **890.00** | **34,668.89** | **2,115.00** | **48,727.07** | **2,920.40** | **51,647.47** |
| Profit for the year | - | - | - | 5,700.05 | - | **5700.05** | 60.86 | **5,760.91** |
| Other Comprehensive Income for the year | - | - | - | 23.05 | - | **23.05** | 1.64 | **24.69** |
| **Total Comprehensive Income for the year** | - | - | - | **5,723.10** | - | **5,723.10** | **62.50** | **5,785.60** |
| Issue of Security Premium | - | **6,743.90** | - | - | - | **6743.90** | - | **6743.90** |
| Issue of Preferential Share Warrants | - | - | - | - | 5,355.45 | **5355.45** | - | **5355.45** |
| Conversion of Preferential Share Warrants in to Equity Share Capital and Security Premium | - | - | - | - | (7140.60) | **(7140.60)** | - | **(7140.60)** |
| Dividends (Refer Note 14.2) | - | - | - | (216.56) | - | **(216.56)** | - | **(216.56)** |
| Dividend Distribution Tax (Refer Note 14.2) | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2021** | **3,362.67** | **14,434.41** | **890.00** | **40,175.43** | **329.85** | **59,192.36** | **2,982.90** | **62,175.26** |

**Significant Accounting Policies** **1**

**See accompanying notes to the Financial Statements** **2 - 51**

**As per our report of even date attached**
**For R R S & Associates**
**Chartered Accountants**
**ICAI Firm Reg. No.-118336W**

**Rajesh Shah**
**Partner**
**Membership No.-034549**
**Place: Ahmedabad**
**Date: May 31, 2021**

**For and on behalf of the Board of Directors**

**Kamleshbhai B. Patel**
**Chairman & Managing Director**
**DIN: 00229700**

**Mukeshbhai J. Patel**
**Managing Director**
**DIN: 00406744**

**Amarendra Kumar Gupta**
**Chief Financial Officer**
**Membership No.-063510**
**Place: Ahmedabad**

**Dr. Dhruti Trivedi**
**Company Secretary**
**Membership No.-A31842**

**Group's Background:**

The consolidated financial statements comprise financial statements of Asian Granito India Limited (the Parent), its subsidiaries and associate (collectively, the group) for the year ended March 31, 2021. The Parent is a public limited company domiciled and incorporated in India under the Companies Act, 1956. The Equity shares of the Parent are listed in India on the BSE Limited and National Stock Exchange Limited. The registered office of the Parent is located at 202, Dev Arc, Opp. Isckon Temple, S.G. Highway, Ahmedabad - 380015.

The Group is engaged in manufacturing and trading of Tiles, Marble and allied products.

The consolidated financial statements of the group for the year ended on March 31, 2021 were authorised for issue in accordance with a resolution of the Directors on May 31, 2021.

**1. Statement on Significant Accounting Policies, Key Accounting Estimates and Judgements:**

**1.1 Basis for Preparation:**

These financial statements are the consolidated financial statements of the group prepared in accordance with Indian Accounting Standards ('Ind AS') as notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual and going concern basis of accounting except for the certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

The accounting policies have been applied consistently over all the periods presented in these financial statements.

**1.2 Functional and presentation currency:**

These consolidated financial statements are presented in Indian Rupees (₹), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

**1.3 Key accounting estimates and judgements:**

The preparation of the Group's consolidated financial statements requires the 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**1.4 Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

i) Property, Plant and Equipment:

Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining anestimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

ii) Income taxes:

The Group's tax jurisdiction is India. Significant judgements are involved in estimatingbudgeted profits for paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

iii) Defined Benefit Obligation:
The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessedon the basis of assumptions selected by the management. These assumptions includesalary escalation rate, discount rates, expected rate of return on assets and mortality rates.

iv) Estimates:
Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

v) Estimation of uncertainties relating to the global health pandemic from COVID -19:
In view of the unprecedented COVID-19 pandemic, the Group has made a detailed assessment of its liquidity position for the next one year and recoverability of Property, Plant and Equipment, Investments, Trade Receivables and Inventories as at the balance sheet date. In assessing the recoverability, the Group has considered internal and external information upto the date of approval of these Ind AS consolidated financial statements and has concluded that there are no material impact on the operations and the financial position of the Group. However, the impact of the global health pandemic may be different from that estimated at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

**1.5 Current / Non-Current Classification:**

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realized/settled in the Group's normal operating cycle;
ii. the asset is intended for sale or consumption;
iii. the asset/liability is expected to be realized/settled within twelve months after thereporting period;
iv. the asset is cash or cash equivalent unless it is restricted from being exchanged or used tosettle a liability for at least twelve months after the reporting date;
v. In the case of a liability, the Group does not have an unconditional right to defer settlementof the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

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

For the purpose of current/non-current classification of assets and liabilities, the Group hasascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

**1.6 Basis for consolidation:**

The consolidated financial statements comprise the financial statements of the Group and Group's share of profit/loss in its associate as at March 31, 2021. Control exists when the Group has:

- power over the investee;
- exposure or rights, to variable returns from its involvement with the investee; and
- ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Generally, there is a presumption that a majority of voting rights result in control. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion ofholdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group have, or does not have,the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Statement of Profit and Loss from the date when the group gains control until the date when the Group ceases to control the subsidiary.

If the Group losses control over a subsidiary, it de-recognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity. Any investment retained is measured at fair value. Any resultant gain or loss is recognised in the Consolidated Statement of Profit and Loss.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for asan equity transaction.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up tosame reporting date as that of the Parent, i.e., year ended on March 31, 2021.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Parent and its subsidiaries have been consolidated on a line- by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses in accordance with Ind AS 110 "Consolidated Financial Statements". Further, thecarrying amount of the Parent's investments in each subsidiary and the Parent's portion of equity of each subsidiary are eliminated on consolidation.

ii) The consolidated financial statements include the share of profit / loss of an associate which have been accounted for using equity method as per Ind AS 28 "Investment in Associate and Joint Ventures". The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss (the loss being restricted to the cost of investment) of the investee after the acquisition date.

iii) Profit or loss and each component of Other Comprehensive Income (the 'OCI') are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

iv) The excess of cost to the Group of its investments in the subsidiary companies, joint venture and associate over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiaries, joint venture and associate as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

v) Non-controlling Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the non-controlling shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year and each component of Other Comprehensive Income of the subsidiaries attributable to non- controlling interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the parent.

**1.7 Summary of Significant accounting policies:**

**a) Business Combinations:**

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

**b) Property, Plant & Equipment:**

i. Measurement at recognition:

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties, borrowing cost, changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets, other non-refundable purchase taxes or levies and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associatedwith the item will flow to the entity and the cost can be measured reliably.

ii. Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided usingthe Straight-Line Method (SLM) Method based on the useful life of the asset as prescribed in

Schedule II to the Companies Act, 2013 except following items of Property, Plant and Equipment where group has estimated different useful life:

| **Particulars** | **Useful Life varying between** |
|---|---|
| Plant & Machinery | 8 & 21Years |
| Buildings | 10 & 60 Years |
| Furniture & Fixtures and Office equipment | 5 & 13 Years |

Land is not depreciated.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

iii. Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

iv. Capital Work in progress:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

**c) Investment Property:**

Investment Property is measured initially at cost including related transaction costs.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met anddirectly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with these will flow to the group and the cost of the item can be measured reliably. All day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of investment property are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

**d) Borrowing Costs:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings tothe extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

**e) Impairment of non-financial assets:**

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset'scarrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**f) Inventory:**

Raw materials, finished goods, packing materials, stores, spares, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods inwhich they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.

In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, first in first out (FIFO) method is used. Cost of inventory comprisesall costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

**g) Financial Instrument:**

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.

**Financial Assets:**

Initial recognition and measurement:

The Group recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price,the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measuredat transaction price.

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

i. The Group's business model for managing the financial asset and
ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost.
ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. <u>Financial assets measured at amortized cost:</u>
A financial asset is measured at the amortized cost if both the following conditions are met:

a) The Group's business model objective for managing the financial asset is to holdfinancial assets in order to collect contractual cash flows, and
b) The contractual terms of the financial asset give rise on specified dates to cash flowsthat are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Group. Such financial assets are subsequently measured at amortizedcost using the effective interest method.

Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments,if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. <u>Financial assets measured at FVTOCI:</u>
Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI).

iii. <u>Financial assets measured at FVTPL:</u>
A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in subsidiary and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

<u>Derecognition:</u>

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e. removed from the Group's Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;
ii. The Group transfers its contractual rights to receive cash flows of the financial asset andhas substantially transferred all the risks and rewards of ownership of the financial asset;
iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-

through' arrangement (thereby substantially transferring all the risks and rewards ofownership of the financial asset);

iv. The Group neither transfers nor retains substantially all risk and rewards of ownership anddoes not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortised cost less provision for impairment based on expected credit loss.

For trade and lease receivable only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of such receivables.

ii. Financial assets measured at amortized cost (other than trade receivables)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result fromdefault events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts offuture economic conditions.

**Financial Liabilities**

Initial recognition and measurement:

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair valueminus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determinedthrough a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset, and the net amount is reported in consolidated financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**h) Fair Value:**

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfera liability in an orderly transaction between market participants at the measurement date. Thefair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**i) Revenue Recognition:**

The Group has applied Ind AS 115 - Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to berecognised.

Revenue from sale of goods is recognised when control of the products being sold is transferredto customer and when there are no longer any unfulfilled obligations. The Performance Obligations in contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on contract terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc.

Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Customers have the contractual right to return goods only when authorised by the Group.

<u>Interest and dividends:</u>

Interest income is recognized using effective interest method. Dividend income is recognizedwhen the right to receive payment is established.

<u>Export benefits:</u>

The Company recognises income from duty drawback and export benefit on accrual basis.

**j) Income Taxes:**

Tax expense is the aggregate amount included in the determination of profit or loss for the periodin respect of current tax and deferred tax.

<u>Current tax:</u>

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from ‘profit before tax’ as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

<u>Deferred tax:</u>

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor theaccounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

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

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognized in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferredtax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

**k) Foreign Currency Transaction & Translation:**

Initial Recognition:

On initial recognition, transactions in foreign currencies entered into by the Group are recordedin the functional currency (i.e. Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the yearare recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:

Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

**l) Provision & Contingencies:**

The Group recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefitswill be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**m) Employee Benefits:**

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:

i. Defined Contribution plans:

Defined contribution plans are employee provident fund, employee state insurance schemeand Government administered pension fund scheme for all applicable employees.

Recognition and measurement of defined contribution plans:

The Group recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

ii. Defined Benefit plans:

The Group operates a defined benefit gratuity plan for employees.

Recognition and measurement of Defined Benefit plans:

The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Re-measurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such re-measurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Group presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Group will contribute this amount to the gratuity fund within the next twelve months.

Other Long-Term Employee Benefits:

Entitlements to annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed or encashed subject to a restriction on the maximum number ofaccumulation of leave. The group determines the liability for such accumulated leave using the projected accrued benefit method with actuarial valuations being carried out at each Balance Sheet date.

**n) Lease Accounting:**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS

116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time inexchange for consideration. The determination of whether an arrangement is (or contains) alease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even ifthat right is not explicitly specified in an arrangement.

**Group as a Lessee**

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves theuse of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even ifthat right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU")and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operatingexpense on a straight-line basis over the term of the lease. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Further, refer note no. 41, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

**Group as a Lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownershipof an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income

**o) Segment Reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

**p) Earnings per share:**

Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

**q) Cash Flow Statement:**

Cash Flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non- cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

**r) Cash and cash equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, deposit accounts and term deposits accounts with original maturity of three months or less as at balance sheet date, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, deposit accounts and term deposits as defined above and investment in liquid funds for short term purpose.

**s) Events after reporting date:**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**t) Investment in Associate & Joint Venture:**

An associate is an entity over which the Group has significant influence. Significant influence isthe power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Under the equitymethod, an investment in an associate or a joint venture is initially recognised in the consolidatedbalance sheet at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and Other Comprehensive Income of the associate or Joint venture. Distributions received froman associate or a joint venture reduce the carrying amount of the investment. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture); the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group’s consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

## 2 Property, Plant and Equipment

(₹ in Lakhs)

| Particulars | Land | Factory Building | Office & Other Building | Plant & Equipment | Furniture & Fixtures | Office Equipment | Vehicles | Computers | Total | Capital Work in Progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **Cost / Deemed cost** | | | | | | | | | | |
| **As at April 1, 2019** | 7,079.49 | 11,266.93 | 951.14 | 32,002.67 | 1,756.44 | 390.87 | 776.77 | 576.02 | 54,800.33 | 12.60 |
| Additions | - | 64.12 | - | 3,935.84 | 160.18 | 48.48 | 81.80 | 59.54 | 4,349.96 | 924.85 |
| Deductions | - | - | - | (62.24) | - | - | (38.12) | (6.50) | (106.86) | - |
| On Account of De-recognition of Subsidiary | (156.36) | (1188.37) | - | (2497.56) | (8.24) | (9.44) | (28.74) | (11.38) | (3900.09) | - |
| **As at March 31, 2020** | **6,923.13** | **10,142.68** | **951.14** | **33,378.71** | **1,908.38** | **429.91** | **791.71** | **617.68** | **55,143.34** | **937.45** |
| Additions | 6.68 | 105.22 | - | 2,115.64 | 237.53 | 32.43 | 28.14 | 32.02 | 2,557.66 | 1,583.83 |
| Deductions | - | - | - | (583.55) | (30.19) | (23.20) | (72.73) | (102.14) | (811.81) | (78.77) |
| On Account of De-recognition of Subsidiary | - | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2021** | **6,929.81** | **10,247.90** | **951.14** | **34,910.80** | **2,115.72** | **439.14** | **747.12** | **547.56** | **56,889.19** | **2,442.51** |
| **Accumulated depreciation** | | | | | | | | | | |
| **As at April 1, 2019** | - | 989.04 | 35.14 | 5,152.51 | 707.01 | 292.46 | 410.12 | 444.97 | 8,031.25 | - |
| Depreciation for the year | - | 386.45 | 19.58 | 2,078.25 | 134.91 | 32.40 | 66.60 | 63.64 | 2,781.83 | - |
| Deductions | - | - | - | (9.22) | - | - | (13.24) | (4.13) | (26.59) | - |
| On Account of De-recognition of Subsidiary | - | (72.85) | - | (382.11) | (1.40) | (3.01) | (7.27) | (6.64) | (473.28) | - |
| **As at March 31, 2020** | **-** | **1,302.64** | **54.72** | **6,839.43** | **840.52** | **321.85** | **456.51** | **497.84** | **10,313.21** | **-** |
| Depreciation for the year | - | 339.25 | 19.59 | 1,960.55 | 138.49 | 34.41 | 57.72 | 49.42 | 2,599.43 | - |
| Deductions | - | - | - | (385.65) | (28.77) | (22.09) | (44.51) | (94.57) | (575.59) | - |
| On Account of De-recognition of Subsidiary | - | - | - | - | - | - | - | - | - | - |
| **As at March 31, 2021** | **-** | **1,641.89** | **74.31** | **8,414.33** | **950.24** | **334.17** | **469.42** | **452.69** | **12,337.05** | **-** |
| **As at March 31, 2021** | **6,929.81** | **8,606.01** | **876.83** | **26,496.47** | **1,165.48** | **104.97** | **277.70** | **94.87** | **44,552.14** | **2,442.51** |
| **As at March 31, 2020** | **6,923.13** | **8,840.04** | **896.42** | **26,539.28** | **1,067.86** | **108.06** | **335.50** | **119.84** | **44,830.13** | **937.45** |

**Note:**

(a) For information on Property Plant and Equipment pledged as a security by the Group Refer Note 15.

(b) Refer Note 44 on account of Derecognition of Subsidiary.

**3 Right of Use Assets** **(₹ in Lakhs)**

| Particulars | Office & Other Building |
|---|---|
| **As at April 1, 2019** | **-** |
| Reclassification on adoption of Ind AS 116 | 1,361.06 |
| **As at March 31, 2020** | **1,361.06** |
| Additions | 273.48 |
| Deductions | (342.48) |
| **As at March 31, 2021** | **1,292.06** |
| **Accumulated depreciation** | |
| Depreciation for the year | 296.08 |
| Deductions | - |
| **As at March 31, 2020** | **296.08** |
| Depreciation for the year | 335.38 |
| Deductions | (134.23) |
| **As at March 31, 2021** | **497.23** |
| **Net Block** | |
| **As at March 31, 2021** | **794.83** |
| **As at March 31, 2020** | **1,064.96** |

**Refer Note 41 for related disclosures.**

**4 Investment Property** **(₹ in Lakhs)**

| Particulars | Free hold - Land |
|---|---|
| **Cost / Deemed cost** | |
| **As at April 1, 2019** | 50.76 |
| Additions | - |
| Deductions | - |
| **As at March 31, 2020** | **50.76** |
| Additions | - |
| Deductions | - |
| **As at March 31, 2021** | **50.76** |
| **Accumulated depreciation** | |
| **As at April 1, 2019** | - |
| Depreciation for the year | - |
| Deductions | - |
| **As at March 31, 2020** | - |
| Depreciation for the year | - |
| Deductions | - |
| **As at March 31, 2021** | - |
| **Net Block** | |
| **As at March 31, 2021** | **50.76** |
| **As at March 31, 2020** | **50.76** |

## 4 Investment Property (Cont…)

**Notes:**

a) The Group has classified freehold land located at Nandan Vatrika as Investment Property. There are no amounts pertaining to these investment properties recognised in the statement of profit and Loss, since Group does not receive any rental Income and does not incur any depreciation or other operating expenses.

b) The Group does not have any contractual obligation to purchase, construct or develop for maintenance or enhancement of investment property.

c) The Group has no restrictions on the realisability of it's investment property.

d) Fair Value of investment property:

(₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| Free hold – Land | | 50.76 | 50.76 |
| | **Total** | **50.76** | **50.76** |

(₹ in Lakhs)

## 5 Goodwill

| Particulars | Goodwill on Consolidation |
|---|---|
| **Cost / Deemed cost** | |
| **As at April 1, 2019** | **331.67** |
| Additions | - |
| Deductions | - |
| **As at March 31, 2020** | **331.67** |
| Additions | - |
| Deductions | - |
| **As at March 31, 2021** | **331.67** |
| **Accumulated depreciation** | |
| **As at April 1, 2019** | - |
| Depreciation for the year | - |
| Deductions | - |
| **As at March 31, 2020** | - |
| Depreciation for the year | - |
| Deductions | - |
| **As at March 31, 2021** | - |
| **Net Block** | |
| **As at March 31, 2021** | **331.67** |
| **As at March 31, 2020** | **331.67** |

## 6 Investments

(₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current Investments** | | | |
| Investment in Equity Instruments of Associate | | 2,603.78 | 2,410.87 |
| Investment in Mutual Funds | | - | 394.42 |
| Investment in Others | | 73.35 | 73.35 |
| | **Total** | **2,677.13** | **2,878.64** |
| **Current Investments** | | | |
| Investment In Mutual Fund | | 1,950.40 | 101.43 |
| | **Total** | **1,950.40** | **101.43** |

**6 Investments (Cont…)**

(₹ in Lakhs)

| Particulars | Face Value | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|---|
| | | No. of Shares/Units | ₹ | No. of Shares/Units | ₹ |
| **Non-Current** | | | | | |
| **I Investments in Equity Instruments (measured at cost, Refer Note 32)** | | | | | |
| **A) Quoted** | | | | | |
| i) **Associate** Astron Paper & Board Mill Limited | 10 | 87,75,000 | 2,603.78 | 87,75,000 | 2,410.87 |
| **Total (A)** | - | | **2,603.78** | | **2,410.87** |
| **B) Unquoted** | | | | | |
| i) **Joint Venture** | | | | | |
| Panariagroup India Industrie Ceramiche Private Limited (Formerly known as AGL Panaria Private Limited) (Refer Note (a)) | | - | - | - | - |
| **Sub Total (B)** | | | - | | - |
| **Total (A + B)** | | | **2,603.78** | | **2,410.87** |
| **II Quoted Investment in Mutual Funds (Measured at FVTPL, Refer Note 32)** | | | | | |
| Aditya Birla Sunlife Mutual Fund | - | - | - | 81,543.49 | 394.42 |
| **Total (II)** | | | - | | **394.42** |
| **III Other Investments (Measured at Cost, Refer Note 32)** | - | - | 73.35 | - | 73.35 |
| **Total (III)** | | | **73.35** | | **73.35** |
| **Grand Total (I + II + III)** | | | **2,677.13** | | **2,878.64** |
| **Current** | | | | | |
| **Quoted (Measured at FVTPL)(Refer Note 32)** | | | | | |
| **Investment in Mutual Funds** | | | | | |
| SBI Magnum Ultra Short duration Fund Direct Growth - NAV: 4718.9734 (Previous Year : Nil) | | 21,205.16 | 1,000.67 | - | - |
| SBI Savings Fund Regular Growth - NAV: 32.5711 (Previous Year : Nil) | | 4,76,791.17 | 155.30 | - | - |
| SBI Credit Risk Fund Regular Growth - NAV: 34.2530 (Previous Year : Nil) | | 3,19,897.63 | 109.57 | - | - |
| SBI Corporate Bond fund Regular Growth - NAV: 25.0222 (Previous Year : 31.707) | | 27,36,996.03 | 684.86 | 3,19,897.63 | 101.43 |
| **Total** | | | **1,950.40** | | **101.43** |

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | BookValue | MarketValue | BookValue | Market Value |
| **Non-Current** | | | | |
| Total Quoted Investments | 2,603.78 | 3,597.75 | 2,805.29 | 2,759.28 |
| Total Unquoted Investments | 73.35 | - | 73.35 | - |
| **Current** | | | | |
| Total Quoted Investments | 1,950.40 | 1,950.40 | 101.43 | 101.43 |

**Note:**

**a) Joint Venture**

The Holding Company had entered into Joint Venture Agreement with Panariagroup Industrie Ceramiche S.p.A. vide JV Agreement dated February 17, 2012. The said JV agreement was terminated by the Holding Company vide Termination Agreement dated May 24, 2019. Consequently the Holding Company has sold equity shares of JV company viz., Panariagroup India Industrie Ceramiche Private Limited (Formerly known as AGL Panaria Private Limited) during the quarter ending on June 30, 2019.

**7 Loans** (₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current** | | | |
| **Unsecured, Considered good** | | | |
| Loans to Related Parties (Refer Note 38) | | 165.75 | 206.10 |
| Loans to Others | | 1.25 | 1.25 |
| | **Total** | **167.00** | **207.35** |
| **Breakup:** | | | |
| Loans considered good – Secured | | - | - |
| Loans considered good – Unsecured | | 167.00 | 207.35 |
| Loans which have significant increase in credit risk | | - | - |
| Loans - Credit impaired | | - | - |
| Less: Allowance for doubtful Loans | | - | - |
| | **Total** | **167.00** | **207.35** |
| **Current** | | | |
| Loans and Advances to Employees | | 23.92 | 20.51 |
| Loans to Others | | 1,337.51 | 697.12 |
| | **Total** | **1,361.43** | **717.63** |
| **Breakup:** | | | |
| Loans considered good – Secured | | - | - |
| Loans considered good – Unsecured | | 1,361.43 | 717.63 |
| Loans which have significant increase in credit risk | | - | - |
| Loans - Credit impaired | | - | - |
| Less: Allowance for doubtful Loans | | - | - |
| | **Total** | **1,361.43** | **717.63** |

**8 Other Financial Assets** (₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current** | | | |
| Security and Other Deposits | | 95.08 | 101.73 |
| In Term Deposit Accounts with original maturity more than 12 months | | 81.83 | 10.92 |
| | **Total** | **176.91** | **112.65** |
| **Current** | | | |
| Export Incentive Receivables | | 495.65 | 703.20 |
| Insurance Claim Receivables | | - | 14.97 |
| Security and Other Deposits | | 85.72 | 126.58 |
| Others | | 589.89 | 1,531.36 |
| | **Total** | **1,171.26** | **2,376.11** |

**9 Other Assets** (₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current** | | | |
| Payment under Protest | | 977.95 | 962.38 |
| Capital Advances | | 276.71 | 501.07 |
| | **Total** | **1,254.66** | **1,463.45** |
| **Current** | | | |
| Balances with Government Authorities | | 493.35 | 612.34 |
| Advances to Vendors | | 2,947.06 | 2,067.35 |
| Prepaid Expenses | | 229.29 | 227.59 |
| Others | | 294.97 | 12.57 |
| | **Total** | **3,964.67** | **2,919.85** |

**10 Inventories** (₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Valued at Lower of Cost or Net Realisable Value** | | |
| Raw Material | 5,624.82 | 4,992.53 |
| Work-in-Progress | 5,127.29 | 4,639.10 |
| Finished Goods | 13,952.08 | 13,324.69 |
| Stock in Trade | 2,878.66 | 2,309.95 |
| Stores, Spares, Fuel & Consumables | 4,039.80 | 3,680.33 |
| Packing Materials | 308.40 | 229.11 |
| **Total** | **31,931.05** | **29,175.71** |

**11 Trade Receivables** (₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Receivables from Others | 42,028.49 | 37,423.13 |
| Receivables from Related Parties (Refer Note 38) | - | 2.28 |
| **Total** | **42,028.49** | **37,425.41** |
| **Breakup:** | | |
| Trade Receivables considered good – Secured | - | - |
| Trade Receivables considered good – Unsecured | 42,028.49 | 37,425.41 |
| Trade Receivables which have significant increase in credit risk | - | - |
| Trade Receivables - Credit impaired | 119.97 | 907.80 |
| Less: Allowance for Expected Credit Loss | (119.97) | (907.80) |
| **Total** | **42,028.49** | **37,425.41** |

**12 Cash and Bank Balances** (₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| Cash on Hand | 23.42 | 18.48 |
| Balances with Banks | | |
| In Current Accounts | 1,246.54 | 271.15 |
| In Term Deposit Accounts with Original Maturity of less than 3 months | 191.37 | - |
| **Total** | **1,461.33** | **289.63** |
| **Other Balances with Banks** | | |
| Unpaid Dividend | 2.69 | 1.79 |
| In Term Deposit Accounts with Original Maturity more than 3 months but less than 12 months* | 387.22 | 1,025.62 |
| **Total** | **389.91** | **1,027.41** |

* It includes deposits given to bank for margin requirements against Bank Guarantee and Letter of Credit facilities.

## Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021

### 13 Equity Share Capital

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Authorized** | | |
| 4,75,00,000 Equity Shares of ₹ 10/- each (P.Y. 3,62,50,000) Equity Shares of ₹ 10 Each | 4,750.00 | 3,625.00 |
| **Issued, Subscribed and Paid up:** | | |
| 3,40,54,446 Equity Shares of ₹ 10/- Each fully Paid up (P.Y. 3,00,87,446 ) Equity Shares of ₹ 10 Each | 3,405.44 | 3,008.74 |
| **Total** | **3,405.44** | **3,008.74** |

**13.1** Reconciliation of shares outstanding at the end of the year

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | **No. of Shares** | **₹** | **No. of Shares** | **₹** |
| At the beginning of the year | 300,87,446 | 3,008.74 | 300,87,446 | 3,008.74 |
| Add: Issued during the year | 39,67,000 | 396.70 | - | - |
| **At the end of the year** | **340,54,446** | **3,405.44** | **300,87,446** | **3,008.74** |

**13.2** Terms/Rights attached to Equity shares

The Holding Company has one class of shares referred to as Equity shares having face value of ₹ 10.

(a) Equity Shares

In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive any of theresidual assets of the Company, after distribution of all preferential amounts and Preference shares. The distribution will be in proportion to the number of Equity shares held by the Shareholders. Each holder of Equity shares is entitled to one vote per share.

(b) Dividend

The Company declares and pays dividend in Indian rupees and shareholders are entitled to receive the sameupon declaration of the same. The dividend proposed by the Board is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

**13.3 Details of Shareholders holding more than 5% of Equity shares**

| Particulars | As at March 31, 2021 | | As at March 31, 2020 | |
|---|---|---|---|---|
| | **No. of Shares** | **%** | **No. of Shares** | **%** |
| Kamleshbhai B Patel | 50,73,741 | 14.90% | 37,23,741 | 12.38% |
| Mukeshbhai J Patel | 27,91,174 | 8.20% | 22,99,174 | 7.64% |
| Sureshbhai J Patel | 21,68,534 | 6.37% | 15,43,534 | 5.13% |

## Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021

**14 Other Equity** (₹ in Lakhs)

| Particulars | Reserves & Surplus | | | | Preferential Share Warrants | Total Equity attributable to Owners | Non-Controlling Interest | Total |
|---|---|---|---|---|---|---|---|---|
| | Capital Reserve on Consolidation | Security Premium | General Reserve | Retained Earnings | | | | |
| **Balance as at April 1, 2019** | **3,362.67** | **7,690.51** | **890.00** | **30,158.48** | - | **42,101.66** | **3,612.90** | **45,714.56** |
| Profit for the year | - | - | - | 4,218.00 | - | **4218.00** | 386.58 | **4,604.58** |
| Other Comprehensive Income for the year | - | - | - | (19.20) | - | **(19.20)** | (1.33) | **(20.53)** |
| **Total Comprehensive Income for the year** | - | - | - | **4,198.80** | - | **4,198.80** | **385.25** | **4,584.05** |
| Profit / Loss On Account of Derecognition of Subsidiary (Refer Note 44) | - | - | - | (327.62) | - | **(327.62)** | (1077.75) | **(1405.37)** |
| Profit / Loss on On Account of Derecognition of Joint Venture (Refer Note 6) | - | - | - | 856.86 | - | **856.86** | - | **856.86** |
| Issue of Preferential Share Warrants | - | - | - | - | 2,115.00 | **2,115.00** | - | **2115.00** |
| Dividends (Refer Note 14.2) | - | - | - | (180.52) | - | **(180.52)** | - | **(180.52)** |
| Dividend Distribution Tax (Refer Note 14.2) | - | - | - | (37.11) | - | **(37.11)** | - | **(37.11)** |
| **Balance as at March 31, 2020** | **3,362.67** | **7,690.51** | **890.00** | **34,668.89** | **2,115.00** | **48,727.07** | **2,920.40** | **51,647.47** |
| Profit for the year | - | - | - | 5700.05 | - | **5700.05** | 60.86 | **5,760.91** |
| Other Comprehensive Income for the year | - | - | - | 23.05 | - | **23.05** | 1.64 | **24.69** |
| **Total Comprehensive Income for the year** | - | - | - | **5,723.10** | - | **5,723.10** | **62.50** | **5,785.60** |
| Issue of Security Premium | - | 6,743.90 | - | - | - | 6,743.90 | - | **6743.90** |
| Issue of Preferential Share Warrants | - | - | - | - | 5,355.45 | 5,355.45 | - | **5355.45** |
| Conversion of Preferential Share Warrants in to Equity Share Capital and Security Premium | - | - | - | - | (7,140.60) | (7140.60) | - | **(7140.60)** |
| Dividends (Refer Note 14.2) | - | - | - | (216.56) | - | (216.56) | - | **(216.56)** |
| Dividend Distribution Tax (Refer Note 14.2) | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2021** | **3,362.67** | **14,434.41** | **890.00** | **40,175.43** | **329.85** | **59,192.36** | **2,982.90** | **62,175.26** |

**14.1 Nature and purpose of other reserves:**

**(a) Securities premium**

Securities premium is used to record the premium on issue of shares. The reserve will be utilized in accordance with the provisions of the Companies Act, 2013.

**(b) General Reserve**

General Reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes.

**(c) Capital Reserve on consolidation**

Capital Reserve represents difference between fair value of the net assets acquired and consideration issued for past business combination.

**(d) Retained Earnings**

The amount of retained earning includes the component of other comprehensive income, which cannot be distributed by the Company as dividends to its equity shareholders. Balance amount is available for distribution to equity share holders.

**(e) Preferential Share Warrants**

After receiving in principal approval from the Stock Exchanges and from Shareholders, the Holding Company has offered 47,00,000 "Fully Convertible Warrants" at price of ₹ 180/- each (at a face value of ₹ 10/- each and Premium of ₹ 170/- Per Convertible Warrant) in one or more tranches for the below objective:

i) To fund long term capital requirements for future growth of the Company;

ii) To meet working capital requirement and reducing debts; and

iii) To meet General Corporate Purpose.

During the year ended on March 31, 2021, the Holding Company has allotted 39,67,000 equity shares (Instrument value of ₹ 180/-) of face value of ₹ 10/- each and premium of ₹ 170/- each. In Promoter category 23,67,000 equity shares and in Non-promoter category 16,00,000 equity shares are allotted on conversion of convertible warrants issued on preferential basis. The Paid-up Equity capital of the Holding Company has increased from ₹ 3008.74 Lakhs to ₹ 3405.44 Lakhs and resultant security premium of ₹ 6,743.90 Lakhs has been credited into security premium account and shown in the "Reserve and Surplus" in "Other Equity". The proceeds of the preferential issue were utilized by the Holding Company for the objectives as stated.

**14.2 Dividend:**

The Board of Directors at its meeting held on May 31, 2021 have recommended a payment of final dividend of ₹ 0.50 (P.Y. ₹ 0.70) per equity share of the face value of ₹ 10 each for the financial year ended March 31, 2021.

**14.3** Refer Note 44 on account of Sale of Subsidiary.

**15 Borrowings** (₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current Borrowings (measured at amortised cost, Refer Note 32)** | | | |
| **Secured** | | | |
| Term Loans | | | |
| - From Banks | | 7,316.70 | 2,914.78 |
| - From Financial Institutions | | 1,898.63 | 1,931.82 |
| SBLC | | 393.52 | - |
| Vehicle Loans | | 96.16 | 170.93 |
| **Unsecured** | | | |
| **Loan** | | | |
| - From Bank | | - | 20.68 |
| - From Directors (Refer Note 38) | | 25.00 | 24.90 |
| - From Others | | 4,377.56 | 4,198.43 |
| | **Sub-Total (A)** | **14,107.57** | **9,261.54** |
| **Current Maturities of Borrowings** | | | |
| **Secured** | | | |
| Term loan from Banks | | 2,383.60 | 811.66 |
| Term loan from Financial Institutions | | 248.71 | 299.47 |
| SBLC | | 393.52 | - |
| Vehicle Loans | | 31.14 | 53.84 |
| **Unsecured** | | | |
| **Loan** | | | |
| - From Bank | | - | 9.99 |
| | **Sub-Total (B)** | **3,056.97** | **1,174.96** |
| | **Total (A-B)** | **11,050.60** | **8,086.58** |
| **Current Borrowings (measured at amortised cost, Refer Note 32)** | | | |
| **Secured** | | | |
| Working Capital facilities from banks | | 14,451.79 | 22,803.61 |
| | **Total** | **14,451.79** | **22,803.61** |

**Notes:**

**Asian Granito India Limited:**

(a) Term Loan ₹ 1,151.35 Lakhs are secured by way of First Pari Passu charge over entire fixed assets (movable & immovable), plant & machinery of the Company, including Factory Land & Buildings bearing Survey Number : 160, 147-A & 162 (Dalpur), 16 (Jawanpura) & 204/1 (Vanku), situated at Dalpur, Jawanpura & vanku , 30000, (Semi Urban), Admeasuring Total Area : 256725.

(b) SBLC of ₹ 393.52 Lakhs are secured by way of First and Exclusive charge on Hypothecation of the entire Plant & Machinery (Bought through capex LC).

(c) Working capital loans of ₹ 8,822.33 Lakhs are secured by way of hypothecation over current assets including raw materials, stock in process, finished goods, stores and spares, receivable and other current assets of vitrified/wall/marble division (Dalpur unit) and Ceramic division (Idar unit) of the Company.

(d) The sanction facilities have been secured by the personal guarantees of directors of the Company more specifically spelt out in related Sanction Letter from the Banks.

(e) Vehicle loans of ₹ 90.06 Lakhs are secured by hypothecation of vehicles in favour of Bank. Each Vehicle loans consistof 60 equated monthly installments from the date of disbursement.

**Amazoone Ceramics Limited:**

(a) Hypothecation of stocks, receivables and entire current assets of the Company and further secured by way of equitable mortgage of factory land & building of the Company situated at Plot No.1 & 2 over block No. 450 paiki admeasuring 55948 sq. Meters at village Dalpur-383430, together with construction thereon and second charge overfixed assets of the Company. Further, the borrowing facilities are secured against personal guarantees of (a) Shri Vipul V. Patel -(director) (b) Shri Girishbhai M.Patel (Director) (c) Shri Mukeshbhai Jivabhai Patel and (d) Shri Kamleshbhai B.Patel.

(b) There has been no default during the year under review in repaymnent of either principal or interest due thereon.

(c) The working capital facilities have been availed @9.80% p.a. with monthly rest.

**15 Borrowings (Cont…)**

**Crystal Ceramics Industries Private Limited:**

(a) Punjab National Bank -T/L No.IC-206 (Repayable in (A) 6 Quarterly Installments of ₹ 2.25 Crores each and ( B ) 2 Quarterly Installments of ₹ 2.50 Crores each.

(b) Outstanding loans amount from Aditya Birla Finance Limited have been fully repaid with entire outstanding and said loan accounts have been closed during the year, hence said loans have been reported as nil.

(c) Outstanding loan amount from ICICI Bank Ltd has been fully repaid with entire outstanding and said loan account has been closed during the year, hence said loan has been reported as nil.

(d) Covid 19 emergency credit line demand loan with PNB for ₹ 5.03 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 5 Crores) Repayable in 18 Monthly Installments of ₹ 27.78 Lakhs each.

(e) Working Term Loan under GECL 2.0 PNB TL A/c No 444100IL00000042 for ₹ 14.56 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 14.54 Crores) Repayable in 48 Monthly Installments of ₹ 30.29 Lakhs each post moratorium period of 12 months.

(f) Working Term Loan under GECL 2.0 Axis Bank TL A/c No 921060053453466 for ₹ 2.96 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 5.92 Crores) Repayable in 48 Monthly Installments of ₹ 12.33 Lakhs each post moratorium period of 12 months.

(g) Standard Chartered Bank Term Loan A/c No 52658791 for ₹ 9.19 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 9.29 Crores) Repayable in 176 Monthly Installments of ₹ 9.42 Lakhs each including interest.

(h) Standard Chartered Bank Term Loan A/c No 52893138 for ₹ 10.75 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 10.75 Crores) Repayable in 180 Monthly Installments of ₹ 10.58 Lakhs each including interest.

(i) Term Loan A/c No 206 with PNB for ₹ 19.94 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 50 Crores) secured by way of First Pari Passu charge over the movable & immovable properties of the Company situated at Survey No. 34, 36 Paiki, 63, 64, 61 Paiki 1 etc. Situated at village Kaiyal, Taluka-Kadi, Disct: Mehsana, Gujarat- 382705, over the movable assets including Plant & Machineries situated at above Survey Numbers AND Second Pari passu charge over entire current Assets situated at Survey No. 34, 36 Paiki, 63,64, 61 Paiki 1 etc at village Kaiyal,Taluka-Kadi, Disct: Mehsana, Gujarat-382705 and also secured by corporate guarantee provided by parent holding company Asian Granito India Ltd for the sanctioned amount and personal guarantees of directors of the company and more specifically spelt out in related Sanction Letter from the Bank.

(j) Covid 19 emergency credit line demand loan with PNB for ₹ 5.03 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 5 Crores) secured by way of First Pari Passu charge by way of hypothecation On entire current assets present and future of the company comprising of raw materials, WIP, FG, spares /consumables and receivables and extension of charge of the collateral security as specified in related sanction letter

(k) Working Term Loan under GECL 2.0 PNB TL A/c No 444100IL00000042 for ₹ 14.56 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 14.54 Crores) secured by guarantee of NCGTC and by way of Second charge on existing primary security and collateral security including all cash flows of the Company.

(l) Working Term Loan under GECL 2.0 Axis Bank TL A/c No 921060053453466 for ₹ 2.96 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 5.92 Crores) secured by guarantee of NCGTC and by way of Second charge on existing primary security and collateral security including all cash flows of the Company.

(m) Standard Chartered Bank Term Loan A/c No 52658791 for ₹ 9.19 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 9.29 Crores) secured by commercial immovable property situated at 202,203 Dev Arc, Opposite Iscon Temple, Ahmedabad – 380059 owned by Asian Granito India Limited.

(n) Standard Chartered Bank Term Loan A/c No 52893138 for ₹ 10.75 Crores outstanding as on 31.03.2021 (Original Sanctioned ₹ 10.75 Crores) secured by commercial immovable property situated at S. No 489/1 489/2 , Plot 108,109 Nr Gota Bridge S.G Highway, Gota, Ahmedabad – 382481 owned by AGL Infrastructure Private Limited.

(o) Secured Short term borrowings from banks are secured against stock and Book Debts and also secured by corporate guarantee provided by parent holding company Asian Granito India Ltd for the sanctioned amount and personal guarantees of directors of the company and more specifically spelt out in related Sanction Letter from the Bank.

## 15 Borrowings (Cont…)

**Powergrace Industries Limited:**

(a) Vehicle loans are secured by hypothecation of vehicles in favour of Bank.

**Maturity Profile and Rate of Interest of Term Loans** (₹ in Lakhs)

| Type of Loan | Terms of Repayment | Maturity | Rate of Interest | No. of Instalments | Outstanding at March 31, 2021 |
|---|---|---|---|---|---|
| SBI Emergency Covid Term loan | Monthly | July 2022 | 7.50% | 16 | 1,064.40 |
| IndusInd - Term loan | Quarterly | December 2021 | 10.55% | 3 | 86.95 |
| Punjab National Bank Ltd. | Quarterly | January 2023 | 11.00% | 8 | 1,994.27 |
| Punjab National Bank Ltd. | Monthly | August 2022 | 8.10% | 18 | 502.92 |
| Punjab National Bank Ltd. | Monthly | November 2025 | 8.35% | 48 | 1,456.33 |
| Axis Bank Ltd | Monthly | February 2026 | 9.25% | 48 | 296.07 |
| Standard Chartered Bank | Monthly | November 2035 | 9.00% | 176 | 919.07 |
| Standard Chartered Bank | Monthly | March 2036 | 8.50% | 180 | 1,075.00 |

## 16 Trade Payables

(₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current** | | | |
| Due to Micro and Small enterprises (Refer Note 40) | | - | - |
| Due to Others | | 2,818.23 | - |
| | **Total** | **2,818.23** | **-** |
| **Current** | | | |
| Due to Micro and Small enterprises (Refer Note 40) | | 237.72 | 199.28 |
| Due to Others (Including Acceptances)* | | 29,894.62 | 30,154.83 |
| Due to Related Parties (Refer Note 38) | | 63.15 | 667.71 |
| | **Total** | **30,195.49** | **31,021.82** |

* Acceptances includes arrangement where operational suppliers of goods are initially paid by banks while the Group continue to recognize the liability till settlement with banks which are normally affected within a period of 90 days.

## 17 Other Financial Liabilities

(₹ in Lakhs)

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current** | | | |
| Other Financial Liabilities | | 36.76 | 36.48 |
| | **Total** | **36.76** | **36.48** |
| **Current** | | | |
| Current Maturities of Non-current Borrowings (Refer Note 15) | | 3,056.97 | 1,174.96 |
| Trade Deposits | | 1,493.46 | 1,382.20 |
| Unclaimed Dividend* | | 2.69 | 1.79 |
| Payable to Employees | | 738.75 | 711.46 |
| Creditors for Capital Goods | | 0.43 | 1.72 |
| | **Total** | **5,292.30** | **3,272.13** |

* These figures do not include any such amount to be credited to Investor Education and Protection Fund (IEPF).

**18 Provisions** **(₹ in Lakhs)**

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Non-Current** | | | |
| Provision for Gratuity (Refer Note 37) | | 171.01 | 240.71 |
| Provision for Leave Encashment | | 108.74 | 108.68 |
| | **Total** | **279.75** | **349.39** |
| **Current** | | | |
| **Provision for Employee Benefits** | | | |
| Provision for Gratuity (Refer Note 37) | | 159.94 | 95.44 |
| Provision for Leave Encashment | | 13.22 | 11.70 |
| Provision for Others | | 240.00 | 276.46 |
| | **Total** | **413.16** | **383.60** |

**19 Deferred Tax Liabilities (Net)** **(₹ in Lakhs)**

| | Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|---|
| (i) | Deferred Tax Liabilities | | 4,878.56 | 4,709.16 |
| (ii) | Deferred Tax Assets | | (2016.97) | 2,244.89 |
| | | **Total (i-ii)** | **2,861.59** | **2,464.27** |

**19.1 Movements in Deferred Tax:** **(₹ in Lakhs)**

| Particulars | As at April 1, 2019 | Charged/ (Credited) to Profit or Loss | Charged / (Credited) to OCI | On Account of Derecognition of Subsidiary* | As at March 31, 2020 | Charged/ (Credited) to Profit or Loss | Charged / (Credited) to OCI | On Account of Derecognition of Subsidiary* | As at March 31, 2021 |
|---|---|---|---|---|---|---|---|---|---|
| **Deferred Tax Liability** | | | | | | | | | |
| Property, Plant & Equipment | 4,891.65 | (169.23) | - | 299.12 | 4,423.30 | 259.85 | - | - | 4,683.15 |
| Processing Fees | 13.05 | (5.06) | - | - | 7.99 | 12.37 | - | - | 20.36 |
| Right of Use Assets | - | 268.05 | - | - | 268.05 | (93.00) | - | - | 175.05 |
| Others | 6.16 | 3.66 | - | - | 9.82 | (9.82) | - | - | - |
| **Sub-Total (A)** | **4,910.86** | **97.42** | **-** | **299.12** | **4,709.16** | **169.40** | **-** | **-** | **4,878.56** |
| **Deferred Tax Assets** | | | | | | | | | |
| Provision for Employee Benefits | 113.84 | 49.97 | 6.33 | - | 170.14 | (0.37) | (7.82) | - | 161.95 |
| Amortization of Preliminary Expense | 338.19 | (105.16) | - | - | 233.03 | (83.04) | - | - | 149.99 |
| Provision for Expected Credit Loss | 288.70 | (25.27) | - | - | 263.43 | (209.91) | - | - | 53.52 |
| Unabsorbed Business Losses | 258.82 | 135.39 | - | 148.09 | 246.12 | 160.57 | - | - | 406.69 |
| MAT Credit | 1,094.79 | 111.12 | - | 164.05 | 1,041.86 | 2.57 | - | - | 1,044.43 |
| Lease Liabilities | - | 283.57 | - | - | 283.57 | (88.31) | - | - | 195.26 |
| Rent / Leases Deposit | - | 6.74 | - | - | 6.74 | (1.61) | - | - | 5.13 |
| Others | 0.85 | (0.29) | - | 0.56 | - | - | - | - | - |
| **Sub-Total (B)** | **2,095.19** | **456.07** | **6.33** | **312.70** | **2,244.89** | **(220.10)** | **(7.82)** | **-** | **2,016.97** |
| **Deferred Tax Liabilities (Net)(A - B)** | **2,815.67** | **(358.65)** | **(6.33)** | **(13.58)** | **2,464.27** | **389.50** | **7.82** | **-** | **2,861.59** |

Refer Note 44 on account of Derecognition of Subsidiary.

**19 Deferred Tax Liabilities (Net) (Cont…)**

**19.2 Reconciliation of tax expenses and the profit before tax multiplied by India's tax rate:** **(₹ in Lakhs)**

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| Profit before tax | | **7,519.14** | **5,465.08** |
| **Tax expenses at statutory tax rate of 25.17%** | | 1,892.57 | 1,375.56 |
| Expense not allowed as deduction | | 323.85 | 308.02 |
| Expense allowed as deduction | | (383.04) | (420.43) |
| Adjustment of tax expense relating to earlier periods | | (6.57) | 222.28 |
| Tax on Income at different rates | | - | (385.16) |
| Others | | 125.26 | 13.46 |
| | **Total Tax Expense** | **1,952.07** | **1,113.73** |
| **Effective Tax Rate** | | **25.96%** | **20.38%** |

During FY 2019-20, Some of the Subsidiaries Companies along with Holding Company elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, the Group has recognised provision of Income Tax for the year ended March 31, 2020 and re-measured its deferred tax assets and liabilities, basis the rate prescribed in the said section.

**20 Other Current Liabilities** **(₹ in Lakhs)**

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| **Current** | | | |
| Advance Received from Customers | | 1,459.83 | 994.94 |
| Statutory Liabilities | | 887.95 | 425.87 |
| Others | | 159.98 | 172.93 |
| | **Total** | **2,507.76** | **1,593.74** |

**21 Current Tax Liability (Net)** **(₹ in Lakhs)**

| Particulars | | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| Current Tax Liabilities (Net) | | 325.69 | 115.77 |
| | **Total** | **325.69** | **115.77** |

**22 Revenue From Operations** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Revenue from Sale of Products** | **1,28,612.37** | **1,21,157.51** |
| **Other Operating Revenues** | | |
| Export Incentives | 560.64 | 789.47 |
| Wind Mill Power Generation | 56.93 | 87.29 |
| Others | - | 419.20 |
| | **617.57** | **1,295.96** |
| **Total** | **1,29,229.94** | **1,22,453.47** |

**Disaggregation of Revenue from Sale of Products**

**Revenue based on Geography** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| In India | 1,07,045.11 | 97,132.16 |
| Outside India | 21,567.26 | 24,025.35 |
| **Total** | **1,28,612.37** | **1,21,157.51** |

**Reconciliation of Revenue from Sale of Products with contract price** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Revenue as per contract price | 1,29,043.53 | 1,21,564.56 |
| Less: Discounts | (431.16) | (407.05) |
| **Revenue from Sale of Products** | **1,28,612.37** | **1,21,157.51** |

**23 Other Income** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Interest Income from:** | | |
| - Term deposits | 57.51 | 96.35 |
| - Others | 218.48 | 257.31 |
| **Sub-Total (A)** | **275.99** | **353.66** |
| **Rental Income** | 26.16 | 49.24 |
| **Sub-Total (B)** | **26.16** | **49.24** |
| **Other Gains** | | |
| Profit on redemption of units of mutual funds (Net) | 2.92 | 13.41 |
| Gain on Account of Derecognition of Subsidiary (Refer Note 44) | - | 308.40 |
| Current Investment measured at FVPTL | 13.71 | 5.88 |
| **Sub-Total (C)** | **16.63** | **327.69** |
| **Others** | 33.55 | 43.36 |
| **Sub-Total (D)** | **33.55** | **43.36** |
| **Total (A) + (B) + ( C) +(D)** | **352.33** | **773.95** |

**24 Cost of Material Consumed** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Glaze, Frits and Chemicals & Others | 19,564.16 | 28,419.92 |
| Packing Materials | 1,890.61 | 2,211.59 |
| Semi Finished Material Consumed | - | 19.85 |
| **Total** | **21,454.77** | **30,651.36** |

**25 Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| **Inventories at the beginning of the year** | | |
| Finished Goods | 13,324.69 | 14,036.98 |
| Work-in-Progress | 4,639.10 | 5,075.97 |
| Stock-in-Trade | 2,309.95 | 1,611.45 |
| **Sub-Total (A)** | **20,273.74** | **20,724.40** |
| **Inventories at the end of the year** | | |
| Finished Goods | 13,952.08 | 13,324.69 |
| Work-in-Progress | 5,127.29 | 4,639.10 |
| Stock-in-Trade | 2,878.66 | 2,309.95 |
| **Sub-Total (B)** | **21,958.03** | **20,273.74** |
| **Inventories disposed On Account of Derecognition of Subsidiary during the year *** | | |
| Finished Goods | - | 668.99 |
| **Sub-Total (C)** | **-** | **668.99** |
| **Total of Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress (A - B - C)** | **(1684.29)** | **(218.33)** |

* Refer Note 44 on account of Derecognition of Subsidiary.

**26 Employee Benefits Expense** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Salaries and Wages (Incl. Managerial Remuneration) (Refer Note 37) | 8,667.41 | 10,304.73 |
| Contribution to Provident and Other Funds | 417.82 | 477.41 |
| Staff Welfare Expenses | 42.99 | 67.27 |
| **Total** | **9,128.22** | **10,849.41** |

**27 Finance Costs** (₹ in Lakhs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Interest Expenses on: | | |
| - Term Loans | 438.32 | 478.04 |
| - Working Capital Facilities | 2,222.85 | 2,568.22 |
| - Others | 525.42 | 579.47 |
| Other Borrowing Costs | 307.02 | 375.02 |
| **Total** | **3,493.61** | **4,000.75** |

**28 Depreciation And Amortization Expense** (₹ in Lakhs)

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| Depreciation Expense on Property, Plant and Equipment | | 2,599.43 | 2,781.83 |
| Depreciation Expense on Right of Use Assets | | 335.39 | 296.08 |
| | **Total** | **2,934.82** | **3,077.91** |

**29 Power & Fuel** (₹ in Lakhs)

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| Consumption of Gas & Fuel | | 7,012.55 | 8,307.25 |
| Power Expense | | 3,622.96 | 4,700.43 |
| | **Total** | **10,635.51** | **13,007.68** |

**30 Other Expenses** (₹ in Lakhs)

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| Consumption of Stores & Spares | | 1,897.89 | 2,698.13 |
| Other Manufacturing Expense | | 1,015.85 | 1,319.58 |
| Rent, Rates & Taxes | | 602.74 | 575.24 |
| Repairs & Maintenance | | | |
| - To Plant & Machineries | | 146.85 | 129.32 |
| - To Buildings | | 29.73 | 32.02 |
| - To Vehicles | | 32.32 | 29.56 |
| - To Others | | 94.31 | 107.35 |
| Communication Expenses | | 116.10 | 142.67 |
| Printing & Stationery | | 13.63 | 25.10 |
| Legal & Professional | | 244.52 | 253.56 |
| Auditor's Remuneration (Refer Note 31) | | 24.24 | 26.33 |
| Directors' Sitting Fees | | 7.35 | 6.40 |
| Directors' Travelling | | 2.61 | 10.93 |
| Travelling & Conveyance | | 689.16 | 1,309.64 |
| Advertisement Expenses | | 665.97 | 1,579.78 |
| Other Selling & Distribution Expenses | | 1,293.71 | 1,768.36 |
| Freight & Forwarding Charges | | 4,363.19 | 3,307.12 |
| Allowance for Expected Credit Loss | | 159.87 | 175.09 |
| Sundry Balance Written off | | 17.30 | (34.27) |
| Donation | | 7.67 | 8.82 |
| Loss on Sale of Property, Plant & Equipment (Net) | | 45.55 | 4.54 |
| Corporate Social Responsibility (Refer Note 33) | | 99.06 | 108.25 |
| Miscellaneous Expenses | | 192.07 | 293.55 |
| Net Foreign Exchange Loss / (Gain) | | (94.31) | (542.90) |
| | **Total** | **11,667.38** | **13,334.17** |

**31 Payment to Auditors (Excluding Taxes)** (₹ in Lakhs)

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| Statutory Audit Fees | | 16.70 | 18.05 |
| Certification Fees and Other Services | | 7.54 | 8.28 |
| | **Total** | **24.24** | **26.33** |

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021

## 32 Fair Value Measurements

### a) Accounting classification and fair values

**As at March 31, 2021** (₹ in Lakhs)

| Particulars | Carrying Value | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | At Cost | At FVTPL | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Investments (Note b i) | 2,677.13 | 1,950.40 | - | 4,627.53 | 1,950.40 | - | - | 1,950.40 |
| Loans | - | - | 1,528.43 | 1,528.43 | - | - | - | - |
| Trade Receivables | - | - | 42,028.49 | 42,028.49 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 1,461.33 | 1,461.33 | - | - | - | - |
| Other Bank Balances | - | - | 389.91 | 389.91 | - | - | - | - |
| Other Financial Assets | - | - | 1,348.18 | 1,348.18 | - | - | - | - |
| **Total Financial Assets** | **2,677.13** | **1,950.40** | **46,756.33** | **51,383.87** | **1,950.40** | **-** | **-** | **1,950.40** |
| Borrowings (Incl. Current Maturities) | - | - | 28,559.36 | 28,559.36 | - | - | - | - |
| Lease Liabilities (Incl. Current Lease Liabilities) | - | - | 892.34 | 892.34 | - | - | - | - |
| Trade Payables | - | - | 30,195.48 | 30,195.48 | - | - | - | - |
| Other Financial Liabilities | - | - | 2,235.33 | 2,235.33 | - | - | - | - |
| **Total Financial Liabilities** | **-** | **-** | **61,882.51** | **61,882.51** | **-** | **-** | **-** | **-** |

**As at March 31, 2020** (₹ in Lakhs)

| Particulars | Carrying Value | | | | Fair Value | | | |
|---|---|---|---|---|---|---|---|---|
| | At Cost | At FVTPL | Amortised Cost | Total | Level 1 | Level 2 | Level 3 | Total |
| Investments (Note b i) | 2,484.22 | 495.85 | - | 2,980.07 | 495.85 | - | - | 495.85 |
| Loans | - | - | 924.98 | 924.98 | - | - | - | - |
| Trade Receivables | - | - | 37,425.41 | 37,425.41 | - | - | - | - |
| Cash and Cash Equivalents | - | - | 289.63 | 289.63 | - | - | - | - |
| Other Bank Balances | - | - | 1,027.41 | 1,027.41 | - | - | - | - |
| Other Financial Assets | - | - | 2,488.76 | 2,488.76 | - | - | - | - |
| **Total Financial Assets** | **2,484.22** | **495.85** | **42,156.19** | **45,136.26** | **495.85** | **-** | **-** | **495.85** |
| Borrowings (Incl. Current Maturities) | - | - | 32,065.15 | 32,065.15 | - | - | - | - |
| Lease Liabilities (Incl. Current Lease Liabilities) | - | - | 1,126.64 | 1,126.64 | - | - | - | - |
| Trade Payables | - | - | 31,021.82 | 31,021.82 | - | - | - | - |
| Other Financial Liabilities | - | - | 2,097.17 | 2,097.17 | - | - | - | - |
| **Total Financial Liabilities** | **-** | **-** | **66,310.79** | **66,310.79** | **-** | **-** | **-** | **-** |

### b) Measurement of fair values:

**(i) Investments in Associate and Joint Venture:**

Investments in Associate and Joint Venture have been accounted at cost. Since these are scope out of Ind AS 109 for thepurposes of measurement, the same have been disclosed at cost in the tables above.

**(ii) Financial Instrument measured at Amortised Cost:**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

**(iii) Levels 1, 2 and 3**

Level 1: It includes Investment in equity shares and mutual fund that has a quoted price and which are actively traded onthe stock exchanges. It is been valued using the closing price as at the reporting period on the stock exchanges.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included inLevel 3.

**(iv)** There have been no transfers between Level 1 and Level 2 during the years.

## 33 Corporate Social Responsibility Expenditure

As per Section 135 of the Companies Act, 2013, the group has spent required amount of ₹ 99.06 Lakhs (2019-20: ₹ 108.25 Lakhs) during the current financial year. The details of amount spent are as under:

(₹ in Lakhs

| Particulars | | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| Education | | 97.35 | 106.90 |
| Others | | 1.71 | 1.35 |
| | **Total** | **99.06** | **108.25** |

## 34 Earnings Per Share

| Particulars | Units | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|---|
| **Basic & Diluted Earnings Per Share (EPS)** | | | |
| (a) Profit attributable to equity shareholders of the Group | (₹ in Lakhs) | 5,700.05 | 4,218.00 |
| (b) Weighted average number of equity shares | (in Nos.) | 340,54,446 | 300,87,446 |
| (c) Earning per Share (Basic and Diluted) | ₹ | 18.57 | 14.02 |
| (d) Face value per Share | ₹ | 10.00 | 10.00 |

## 35 Financial Risk Management:

The Group's financial liabilities comprise mainly of borrowings, trade, other payables and financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivablesand other receivables.

The Group's is exposed to Market risk, Credit risk and Liquidity risk. The Board of the Group monitors the risk as per risk management policy. Further The Audit Committee has additional oversight in the area of financial risks and controls.

The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Group.

### (a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and currency risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables and loans.

Within the various methodologies to analyze and manage risk, Group's has implemented a system based on “sensitivity analysis” on symmetric basis. This tool enables the risk managers to identify the risk position of theentities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 100-basis points of the interest rate yield curves in major currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 5%

**35 Financial Risk Management (Cont…)**

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that areincluded in the Statement of profit and loss may differ materially from these estimates due to actual developments in the global financial markets.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity, pensionand other post-retirement obligations and provisions.

**The following assumption has been made in calculating the sensitivity analysis:**

The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes inrespective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and March 31, 2020.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's seeks to mitigate such risk by maintaining an adequate proportion of floating and fixed interest rate borrowings. As at March 31, 2021, approximately 25.87% of the Group's borrowings and other financial liabilities are at fixed rate (March 31, 2020: 22.48%). Summary of financial assets and financial liabilities has been provided below:

**Exposure to interest rate risk**

The interest rate profile of the Group's interest - bearing financial instrument as reported to management is as follows:

**(₹ in Lakhs)**

| | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Fixed-rate instruments** | | |
| Financial Assets | 2,164.93 | 1,941.01 |
| Financial Liabilities | 7,769.65 | 7,512.45 |
| **Variable-rate instruments** | | |
| Financial Assets | - | - |
| Financial Liabilities | 22,258.17 | 25,910.00 |

**Interest rate sensitivity**

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of change in interest rates. The following table demonstrates the sensitivity of floating rate financial instruments to a reasonably possible change in interest rates. The risk estimates provided assume a parallel shift of 100 basis points interest rate across all yield curves. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period.

**Impact on Profit / (loss) after tax** **(₹ in Lakhs)**

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Increase in 100 basis points | (166.56) | (193.88) |
| Decrease in 100 basis points | 166.56 | 193.88 |

**Financial Risk Management (Cont…)**

**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group transacts business in foreign currencies (primarily USD and EUR). Consequently, the Groups has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The Group manages its foreign currency risk by following policies approved by board as perestablished risk management policy. The carrying amounts of the Group's foreign currency denominated monetaryitems are as follows:

**Exposure to currency risk**

The summary quantitative data about the Group's exposure to currency risk (based on notional amounts) is as follows

**(Amount in FCY)**

| Particulars | March 31, 2021 | | March 31, 2020 | |
|---|---|---|---|---|
| | USD | EUR | USD | EUR |
| **Financial Assets** | | | | |
| Trade receivables | 42,91,375 | - | 46,69,539 | - |
| Other Bank Balances | 7,22,348 | - | 1,86,129 | - |
| **Total (A)** | **50,13,723** | **-** | **48,55,668** | **-** |
| **Financial Liabilities** | | | | |
| Trade payables | 6,01,336 | 3,22,512 | 4,77,967 | 3,17,968 |
| Other Financial Liabilities | 5,21,000 | | - | 28,019 |
| **Total (B)** | **11,22,336** | **3,22,512** | **4,77,967** | **3,45,987** |
| **Net exposure to foreign currency (A-B)** | **38,91,387** | **(3,22,512)** | **43,77,701** | **(3,45,987)** |

The following significant exchange rates have been applied during the year.

| Particulars | Average rate | | Year-end spot rate | |
|---|---|---|---|---|
| | Year Ended March 31, 2021 | Year Ended March 31, 2020 | As at March 31, 2021 | As at March 31, 2020 |
| USD 1 | 74.45 | 72.28 | 73.50 | 75.39 |
| EUR 1 | 84.58 | 80.38 | 86.10 | 83.05 |

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD and EUR rates to the functional currency of respective entity, with all other variables held constant. The Group's exposure to foreign currency changes for all other currencies is not material. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

**(₹ in Lakhs)**

| Particulars | USD | | | EUR | | |
|---|---|---|---|---|---|---|
| | Change in exchange rate | Profit / (loss) before tax | Equity (net of tax) | Change in exchange rate | Profit / (loss) before tax | Equity (net of tax) |
| **March 31, 2021** | | | | | | |
| Strengthening | 5% | 144.85 | 108.39 | 5% | (13.64) | (10.21) |
| Weakening | | (144.85) | (108.39) | | 13.64 | 10.21 |
| **March 31, 2020** | | | | | | |
| Strengthening | 5% | 158.21 | 118.39 | 5% | (13.91) | (10.41) |
| Weakening | | (158.21) | (118.39) | | 13.91 | 10.41 |

**35 Financial Risk Management (Cont…)**

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk primarily trade receivables and other financial assets including deposits with banks. Credit risk arising from trade receivables is managed in accordance with the Group's established policy, procedures and control relating to customer credit risk management.

**Other financial assets**

This comprises mainly of deposits with banks and other intercompany receivables. Credit risk arising from these financial assets is limited.

**Trade receivables**

Customer credit risk is managed by each business unit subject to the group's established policy and procedures. Trade receivables are non-interest bearing and generally have a credit period not exceeding 90 days. Concentrations of credit risk with respect to trade receivables are limited, due to the customer base being large and diverse. All tradereceivables are reviewed and assessed for default on a quarterly basis. Historical experience of collecting receivables of the Group is supported by low level of past default and hence the credit risk is perceived to be low.

The Group has used practical expedient by computing the expected credit loss allowance for doubtful trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking estimates. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates used in the provision matrix. In calculating expected credit loss, the Group has also considered credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to COVID-19.

**Reconciliation of loss allowance provision – Trade receivables** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Opening provision | 907.80 | 732.71 |
| Add: Additional provision made | 159.87 | 175.09 |
| Less: Provision write off | (947.7) | - |
| Closing provisions | **119.97** | **907.80** |

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the group's finance department in accordance with the group's policy. Investments of surplus funds are made only with approved counterparties.

**(c) Liquidity risk**

Liquidity risk is the risk that the group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. The group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing from both banks and financial institutions at an optimized cost.

The table below analysis non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed under the ageing buckets are the contractual undiscounted cash flows and includes contractual interest payments.

## 35 Financial Risk Management (Cont…)

(₹ in Lakhs)

| Particulars | Carrying amount | Less than 12 months | More than 12 months | Total |
|---|---|---|---|---|
| **As at March 31, 2021** | | | | |
| **Financial Liabilities** | | | | |
| Borrowings (Incl. Current Maturities) | 28,559.36 | 17,508.76 | 11,050.60 | 28,559.36 |
| Lease Liabilities (Incl. Current Lease Liabilities) | 892.34 | 201.05 | 691.29 | 892.34 |
| Trade Payables | 30,195.48 | 30,195.48 | - | 30,195.48 |
| Other Financial Liabilities | 2,235.33 | 2,235.33 | - | 2,235.33 |
| **Total** | **61,882.51** | **50,140.62** | **11,741.89** | **61,882.51** |
| **As at March 31, 2020** | | | | |
| **Financial Liabilities** | | | | |
| Borrowings (Incl. Current Maturities) | 32,065.15 | 23,978.57 | 8,086.58 | 32,065.15 |
| Lease Liabilities (Incl. Current Lease Liabilities) | 1,126.64 | 312.37 | 814.27 | 1,126.64 |
| Trade Payables | 31,021.82 | 31,021.82 | - | 31,021.82 |
| Other Financial Liabilities | 2,097.17 | 2,097.17 | - | 2,097.17 |
| **Total** | **66,310.78** | **57,409.93** | **8,900.85** | **66,310.78** |

## 36 Capital management:

For the purpose of the group's capital management, capital includes paid-up equity capital and all other equity reserves attributable to the equity holders of the Group. The primary objective of the group's capital management is to ensure that it maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as level of dividendsto equity share holders.

The group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group may adjustthe dividend payment to shareholders, return capital to shareholders or issue new shares. The group monitors capital using Debt-Equity ratio, which is net debt divided by total equity. The group's policy is to keep the net debt to equity ratio below 2. The group includes within net debt, interest bearing loans and borrowings, less cash and short- term deposits.

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Interest-bearing Borrowings (Incl. Current Maturity)(Note 15) | 28,534.36 | 32,040.25 |
| Less: Cash and Bank Balances (Note 12) | (1,851.24) | (1,317.04) |
| **Adjusted Net Debt** | **26,683.12** | **30,723.21** |
| Equity Share Capital (Note 13) | 3,405.44 | 3,008.74 |
| Other Equity (Note 14) | 59,192.36 | 48,727.07 |
| **Total Equity** | **62,597.80** | **51,735.81** |
| **Adjusted net debt to total equity ratio** | **0.43** | **0.59** |

In order to achieve this overall objective, the group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March31, 2021 and March 31, 2020.

## 37 Employee benefits

### a) Defined contribution plans:

The Group's makes contributions towards provident fund to defined contribution retirement benefit plan for qualifying employees. The provident fund contributions are made to Government administered Employees Provident Fund. Both the employees and the Group make monthly contributions to the Provident Fund Plan equalto a specified percentage of the covered employee's salary.

**Details of amount recognized as expenses during the year:** **(₹ in Lakhs)**

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Contribution to Provident Fund | 273.91 | 324.27 |
| **Total** | **273.91** | **324.27** |

### b) Defined benefit plan:

The Group has defined benefit gratuity plan for its employees. The employee who has completed five years or more of service is entitled to gratuity on termination of his employment at 15 days last drawn salary for each completed year of service. The scheme is funded. The present value of obligation in respect of gratuity is determined based on actuarial valuation using the Project Unit Credit Method as prescribed by Ind AS - 19. Gratuity has been recognised in the financial statement as per details given below:

**Investment risk:**

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting year on government bonds. If the return on plan asset isbelow this rate, it will create plan deficit.

**Interest risk:**

A fall in the discount rate which is linked to the Government Security Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Longevity risk:**

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does nothave any longevity risk.

**Salary risk:**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members.As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**The following table sets out the status of the gratuity plan and the amounts recognised in the consolidated financial statements as at March 31, 2021 and March 31, 2020.**

**(i) Reconciliation in present value of defined benefit obligation:** **(₹ in Lakhs)**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Defined benefit obligations as at beginning of the year | 584.81 | 482.31 |
| Current service cost | 112.33 | 118.40 |
| Interest cost | 18.18 | 9.45 |
| Actuarial (Gains)/Losses | (32.21) | 23.53 |
| Benefits paid | (52.16) | (48.88) |
| **Defined benefit obligations as at end of the year** | **630.95** | **584.81** |

**37 Employee benefits (Cont…)**

**(ii) Reconciliation change in fair value of plan assets:** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Fair Value of Plan Assets at the beginning of the year | 248.66 | 222.94 |
| Interest Income | 6.97 | 5.88 |
| Contribution by Employer | 103.20 | 77.92 |
| Benefits paid from the fund | (52.16) | (48.88) |
| Return on Plan Assets, Excluding Interest Income | (6.68) | (9.20) |
| **Fair Value of Plan Assets at the end of the year** | **299.99** | **248.66** |

**(iii) Amount recognised in balance sheet** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| PVO at the end of year | 630.95 | 584.81 |
| Fair value of planned assets at the end of year | (299.99) | (248.66) |
| **Net Liability recognised in the balance sheet** | **330.95** | **336.15** |

**(iv) Amount recognised in Statement of Profit and Loss:** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Current service cost | 112.33 | 118.40 |
| Interest cost | 18.18 | 9.45 |
| **Expense recognised** | **130.51** | **127.85** |

**(v) Amount recognised in Other Comprehensive Income:** **(₹ in Lakhs)**

| **Particulars** | **Year ended March 31, 2021** | **Year ended March 31, 2020** |
|---|---|---|
| Total Actuarial (Gains)/ Losses | (32.51) | 26.86 |

**(vi) Principal assumptions used in determining defined benefit obligations for the Group** **(₹ in Lakhs)**

| **Particulars** | **Year ended March 31, 2021** | **Year ended March 31, 2020** |
|---|---|---|
| Discount rate (Per Annum) | 5%-7.64% | 5%-7.64% |
| Salary escalation rate (Per Annum) | 4%-6% | 4%-6% |
| Mortality Rate [as % of Indian Assured Lives Mortality (IALM) (2006-08) | IALM (2006-08) Rates | |
| Normal Retirement Age (In Years) | 58 | 58 |
| Average Future Service (In Years) | 8-22 | 8-22 |

Note 1: Discount rate is determined by reference to market yields at the balance sheet date on Government bonds, where the currency and terms of the Government bonds are consistent with the currency and estimated terms for the benefit obligation.

Note 2: The estimate of future salary increases taken into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

**37 Employee benefits (Cont…)**

**Additional Disclosure Items**

**(vii) Category of Assets** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Insurance Fund | 324.42 | 250.12 |

**(viii) Expected Cash flow of Maturity Profile for following years of Defined Benefit** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| 1 Year | 59.01 | 53.48 |
| Between 2 to 5 Year | 169.86 | 146.72 |
| Between 6 to 10 Year | 278.78 | 258.55 |
| Beyond 10 Years | 744.85 | 690.86 |

**(ix) Sensitivity analysis** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| **Under Base Scenario** | | |
| Salary Escalation - Up by 1 % | 54.66 | 51.42 |
| Salary Escalation - Down by 1% | (48.82) | (45.46) |
| Withdrawal Rates - Up by 1% | 7.33 | 6.63 |
| Withdrawal Rates - Down by 1 % | (8.53) | (7.79) |
| Discount Rates - Up by 1 % | (48.22) | (44.56) |
| Discount Rates - Down by 1 % | 55.45 | 51.45 |

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Group's financial statements as at balance sheet date:

**(₹ in Lakhs)**

| **Total employee benefit liabilities** | **Note** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| **Provisions** | **18** | | |
| Non Current | | 171.01 | 240.71 |
| Current | | 159.94 | 95.44 |

**Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021**

**38 Related Party Disclosures**

As per the Ind AS - 24 Related Party Disclosures, the related parties of the Group are as follows :

**(a) Name of the related parties and nature of relationships :**

**(i) Associate:**

Astron Paper and Board Mill Limited

**(ii) Key Management Personnel (KMP)**

| Name | Designation |
|---|---|
| Kamleshbhai Bhagubhai Patel | Chairman & Managing Director |
| Mukeshbhai Jivabhai Patel | Managing Director |
| Sureshbhai Jivabhai Patel | Director |
| Bhogibhai Bhikhabhai Patel | Director |
| Kanubhai Bhikhabhai Patel | Director |
| Bhaveshbhai Vinodbhai Patel | Director |
| CA Amarendra Kumar Gupta | Chief Financial Officer |
| Dr Dhruti Trivedi (From November 11, 2020) | Company Secretary |
| Renuka A Upadhyay ( Till October 31, 2020) | Company Secretary |

**(iii) Independent Directors**

| | |
|---|---|
| Amrutlal Ishwerlal Patel | Hemendrakumar Chamanlal Shah |
| Late Premjibhai Ramjibhai Chaudhari | Mukesh Mahendrabhai Shah |
| Indira Nityanandam | Dipti Atulbhai Mehta |

**(iv) Relatives of Key Management Personnel (KMP)**

| | |
|---|---|
| Hinaben Kamleshbhai Patel | Zalakben Hirenbhai Patel |
| Bhagubhai Punjabhai Patel | Parulben Kanubhai Patel |
| Hiraben Bhagubhai Patel | Sureshbhai Bhikhabhai Patel |
| Rajviben Kuldeepbhai Patel | Asmitaben Bhaveshbhai Patel |
| Kuldeepbhai Rameshbhai Patel | Vinodbhai Lalabhai Patel |
| Bhanuben Mukeshbhai Patel | Vipulbhai Vinodbhai Patel |
| Dhuliben Jivabhai Patel | Alpaben Jagdishbhai Patel |
| Shaunakbhai Mukeshbhai Patel | Bhaveshbhai Bhogibhai Patel |
| Shaliniben Shaunakbhai Patel | Rameshbhai Bhikhabhai Patel |
| Chhayaben Sureshbhai Patel | Ankitaben Kalidasbhai Patel |
| Hirenbhai Sureshbhai Patel | Dimpalben Bhogibhai Patel |

**38 Related Party Disclosures (Cont…)**

**(v) Enterprises over which KMP and/or their relatives having significant influence**

Affil Vitrified Private Limited
Aryan Buildspace LLP
AGL Infrabuild Private Limited
AGL Developers
AGL Infrastructure Private Limited
Asian Institute of Technology

**(vi) Post employment benefit plan**

Asian Granito India Limited Employees Group Gratuity Fund

**(b) Terms and conditions of transactions with related parties**

(i) Transaction entered into with related party are made on terms equivalent to those that prevail in arm'slength transactions.

**(c) Transactions with key management personnel**

Compensation of key management personnel of the Group

**(₹ in Lakhs)**

| **Particulars** | **Year Ended March 31, 2021** | **Year Ended March 31, 2020** |
|---|---|---|
| Kamleshbhai Bhagubhai Patel | 45.32 | 43.58 |
| Mukeshbhai Jivabhai Patel | 36.79 | 35.42 |
| Sureshbhai Jivabhai Patel | 32.36 | 29.64 |
| Bhaveshbhai Vinodbhai Patel | 21.07 | 21.14 |
| Kanubhai Bhikhabhai Patel | 23.77 | 23.30 |
| Bhogibhai Bhikhabhai Patel | 16.63 | 15.87 |
| Kalidasbhai Jivabhai Patel (Till November 12, 2019) | - | 9.04 |
| CA Amarendra Kumar Gupta (From November 15, 2019) | 35.46 | 15.22 |
| Renuka A Upadhyay ( Till October 31, 2020) | 7.59 | 15.58 |
| Dr Dhruti Trivedi (From November 11, 2020) | 3.30 | - |
| **Total compensation paid to key management personnel** | **222.29** | **208.79** |

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021

**38 Related party disclosures (Cont...)**

The following table summarizes related-party transactions and balances for the year ended/as at March 31, 2021 and March 31, 2020

**(₹ in Lakhs)**

| Particulars | Joint Ventures | | Associate | | KMP and/or their relatives having Significant Influence and others | | KMP / Relatives of KMP | |
|---|---|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Purchase of Products | - | - | 78.86 | 3.33 | 1,862.64 | 4,970.21 | 27.42 | 37.01 |
| Sale of Products | - | - | - | - | 31.22 | - | - | - |
| Interest Paid | - | - | - | - | 65.82 | 24.93 | 10.80 | 10.80 |
| Quality Complain | - | - | - | - | - | 6.55 | - | - |
| Interest Received | - | - | - | - | 20.16 | 9.07 | - | - |
| Rent Received | - | - | - | - | - | - | - | 9.95 |
| Rent Paid | - | - | - | - | 15.95 | 15.67 | 9.19 | 0.29 |
| Loan Given | - | - | - | - | 4.00 | 11.00 | - | - |
| Loan Taken | - | - | - | - | 325.00 | 900.00 | 200.00 | - |
| Loan Repaid | - | - | - | - | - | - | 456.50 | 156.76 |
| Loan Recovered | - | - | - | - | 63.00 | 30.00 | - | - |
| Deposit Given & Recovered | - | - | - | - | - | - | - | 2.76 |
| Reimbursement of (Expense) / Income | - | - | - | - | (0.46) | 0.35 | - | - |
| Disinvestment | - | 941.65 | - | - | - | - | - | - |
| Director's Remuneration | - | - | - | - | - | - | 179.76 | 168.95 |
| Director Sitting Fee | - | - | - | - | - | - | 5.85 | 5.10 |
| Employee Benefit Expense | - | - | - | - | - | - | 191.35 | 205.10 |
| Corporate Social Responsibility | - | - | - | - | 63.33 | 66.87 | - | - |
| Contribution to Gratuity Fund | - | - | - | - | 103.20 | 77.80 | - | - |
| Preferential Share Amount Received | - | - | - | - | - | - | 3,195.45 | 1,125.00 |
| **Outstanding Balances** | | | | | | | | |
| Trade Payable | - | - | 20.93 | - | 20.07 | 615.12 | 22.15 | 52.59 |
| Trade Receivable | - | - | - | - | - | 2.28 | - | - |
| Advance to Vendor | - | - | - | - | 571.83 | - | - | - |
| Deposit | - | - | - | - | - | - | 2.76 | 2.76 |
| Investment **(Refer Note 6)** | - | - | 2,603.78 | 2,410.87 | - | - | - | - |
| Loan Given | - | - | - | - | 165.75 | 206.10 | - | - |
| Loan Taken | - | - | - | - | 1,862.25 | 1,359.99 | 468.96 | 760.08 |
| Guarantee Given | - | - | - | - | - | 4,280.00 | - | - |

**Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021**

**38 Related party disclosures (Cont…)**

The following table summarizes related-party transactions and balances for the year ended/as at March 31, 2021 and March 31, 2020

**(₹ in Lakhs)**

| Particulars | Joint Ventures | | Associate | | KMP and/or their relatives having Significant Influence and others | | KMP / Relatives of KMP | |
|---|---|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| **Transactions During the Period** | | | | | | | | |
| **Purchase of Material / Finished Goods** | | | | | | | | |
| Astron Paper & Board Mill Limited | - | - | 78.86 | 3.33 | - | - | - | - |
| Affil Vitrified Private Limited | - | - | - | - | 1,862.64 | 4,970.21 | - | - |
| Kamleshbhai Bhagubhai Patel | - | - | - | - | - | - | - | 4.83 |
| Mukeshbhai Jivabhai Patel | - | - | - | - | - | - | - | 3.27 |
| Bhaveshbhai Vinodbhai Patel | | | | | | | 6.66 | - |
| Vinodbhai Lalabhai Patel | | | | | | | 8.83 | - |
| Vipulbhai Vinodbhai Patel | | | | | | | 11.93 | - |
| Bhanuben Mukeshbhai Patel | - | - | - | - | - | - | - | 7.02 |
| Hinaben Kamleshbhai Patel | - | - | - | - | - | - | - | 4.87 |
| Dhuliben Jivabhai Patel | - | - | - | - | - | - | - | 0.20 |
| Bhagubhai Punjabhai Patel | - | - | - | - | - | - | - | 6.85 |
| Shaunakbhai Mukeshbhai Patel | - | - | - | - | - | - | - | 9.97 |
| | **-** | **-** | **78.86** | **3.33** | **1,862.64** | **4,970.21** | **27.42** | **37.01** |
| **Sale of Products** | | | | | | | | |
| Affil Vitrified Private Limited | | | | | | | | |
| | **-** | **-** | **-** | **-** | **31.22** | **-** | **-** | **-** |
| **Interest Paid** | | | | | | | | |
| Shaunakbhai Mukeshbhai Patel | - | - | - | - | - | - | 10.80 | 10.80 |
| AGL Infrastructure Private Limited | - | - | - | - | 10.47 | - | - | - |
| Affil Vitrified Private Limited | - | - | - | - | 55.35 | 24.93 | - | - |
| | **-** | **-** | **-** | **-** | **65.82** | **24.93** | **10.80** | **10.80** |
| **Quality Complain** | | | | | | | | |
| Affil Vitrified Private Limited | | | | | | | | |
| | **-** | **-** | **-** | **-** | **-** | **6.55** | **-** | **-** |
| **Interest Received** | | | | | | | | |
| AGL Infrastructure Private Limited | - | - | - | - | 7.97 | 9.07 | - | - |
| Asian Institute of Technology | - | - | - | - | 12.19 | - | - | - |
| | **-** | **-** | **-** | **-** | **20.16** | **9.07** | **-** | **-** |

**Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021**

**38 Related party disclosures (Cont...)**

The following table summarizes related-party transactions and balances for the year ended/as at March 31, 2021 and March 31, 2020

**(₹ in Lakhs)**

| Particulars | Joint Ventures | | Associate | | KMP and/or their relatives having Significant Influence and others | | KMP / Relatives of KMP | |
|---|---|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| **Rent Received** | | | | | | | | |
| Others | - | - | - | - | - | - | - | 9.95 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **9.95** |
| **Rent Paid** | | | | | | | | |
| AGL Infrastructure Private Limited | - | - | - | - | 15.95 | 15.67 | - | - |
| Others | - | - | - | - | - | - | 9.19 | 0.29 |
| | **-** | **-** | **-** | **-** | **15.95** | **15.67** | **9.19** | **0.29** |
| **Loan Given** | | | | | | | | |
| AGL Infrastructure Private Limited | - | - | - | - | - | 11.00 | - | - |
| Asian Institute of Technology | - | - | - | - | 4.00 | - | - | - |
| | **-** | **-** | **-** | **-** | **4.00** | **11.00** | **-** | **-** |
| **Loan Taken** | | | | | | | | |
| AGL Infrastructure Private Limited | - | - | - | - | 325.00 | - | - | - |
| Affil Vitrified Private Limited | - | - | - | - | - | 900.00 | - | - |
| Vipulbhai Vinodbhai Patel | - | - | - | - | - | - | 150.00 | - |
| Mukeshbhai Jivabhai Patel | - | - | - | - | - | - | 50.00 | - |
| | **-** | **-** | **-** | **-** | **325.00** | **900.00** | **200.00** | **-** |
| **Loan Repaid** | | | | | | | | |
| Kamleshbhai Bhagubhai Patel | - | - | - | - | - | - | - | 10.00 |
| Mukeshbhai Jivabhai Patel | - | - | - | - | - | - | 25.00 | 9.00 |
| Bhaveshbhai Vinodbhai Patel | - | - | - | - | - | - | - | 38.33 |
| Vipulbhai Vinodbhai Patel | - | - | - | - | - | - | 431.50 | 62.73 |
| Kanubhai Bhikhabhai Patel | - | - | - | - | - | - | - | 36.70 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **456.50** | **156.76** |
| **Loan Recovered** | | | | | | | | |
| AGL Infrastructure Private Limited | - | - | - | - | 15.50 | 30.00 | - | - |
| Asian Institute of Technology | - | - | - | - | 47.50 | - | - | - |
| | **-** | **-** | **-** | **-** | **63.00** | **30.00** | **-** | **-** |

Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021

**38 Related party disclosures (Cont...)**

The following table summarizes related-party transactions and balances for the year ended/as at March 31, 2021 and March 31, 2020

**(₹ in Lakhs)**

| Particulars | Joint Ventures | | Associate | | KMP and/or their relatives having Significant Influence and others | | KMP / Relatives of KMP | |
|---|---|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| **Deposit Given & Recovered** | | | | | | | | |
| Shaliniben Shaunak Patel | - | - | - | - | - | - | - | 1.38 |
| Hinaben Kamleshbhai Patel | - | - | - | - | - | - | - | 1.38 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **2.76** |
| **Reimbursement of (Expense) / Income** | | | | | | | | |
| Affil Vitrified Private Limited | - | - | - | - | (0.46) | 0.35 | - | - |
| | **-** | **-** | **-** | **-** | **(0.46)** | **0.35** | **-** | **-** |
| **Disinvestment** | | | | | | | | |
| Panariagroup India Industrie Ceramiche Private Limited (Formerly known as AGL Panaria Private Limited) | - | 941.65 | - | - | - | - | - | - |
| | **-** | **941.65** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Director's Remuneration** | | | | | | | | |
| Kamleshbhai Bhagubhai Patel | - | - | - | - | - | - | 45.88 | 43.58 |
| Mukeshbhai Jivabhai Patel | - | - | - | - | - | - | 37.82 | 35.42 |
| Sureshbhai Jivabhai Patel | - | - | - | - | - | - | 33.39 | 29.64 |
| Bhaveshbhai Vinodbhai Patel | - | - | - | - | - | - | 21.42 | 21.14 |
| Kanubhai Bhikhabhai Patel | - | - | - | - | - | - | 24.26 | 23.30 |
| Bhogibhai Bhikhabhai Patel | - | - | - | - | - | - | 16.99 | 15.87 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **179.76** | **168.95** |
| **Director Sitting Fee** | | | | | | | | |
| Amrutlal Ishwerlal Patel | - | - | - | - | - | - | 0.50 | 0.30 |
| Late Premjibhai Ramjibhai Chaudhari | - | - | - | - | - | - | 1.00 | 1.00 |
| Indira Nityanandam | - | - | - | - | - | - | 0.10 | 0.30 |
| Hemendrakumar Chamanlal Shah | - | - | - | - | - | - | 1.75 | 1.75 |
| Mukesh Mahendrabhai Shah | - | - | - | - | - | - | 1.25 | 0.75 |
| Dipti Atulbhai Mehta | - | - | - | - | - | - | 1.25 | 1.00 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **5.85** | **5.10** |

**38 Related party disclosures (Cont...)**

The following table summarizes related-party transactions and balances for the year ended/as at March 31, 2021 and March 31, 2020

**(₹ in Lakhs)**

| Particulars | Joint Ventures | | Associate | | KMP and/or their relatives having Significant Influence and others | | KMP / Relatives of KMP | |
|---|---|---|---|---|---|---|---|---|
| | **2020-21** | **2019-20** | **2020-21** | **2019-20** | **2020-21** | **2019-20** | **2020-21** | **2019-20** |
| **Employee Benefit Expense** | | | | | | | | |
| Others | - | - | - | - | - | - | 191.35 | 205.10 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **191.35** | **205.10** |
| **Corporate Social Responsibility** | | | | | | | | |
| Asian Institute of Technology | - | - | - | - | 63.33 | 66.87 | - | - |
| | **-** | **-** | **-** | **-** | **63.33** | **66.87** | **-** | **-** |
| **Contribution to Gratuity Fund** | | | | | | | | |
| Asian Granito India Limited Employees Group Gratuity Fund | - | - | - | - | 103.20 | 77.80 | - | - |
| | **-** | **-** | **-** | **-** | **103.20** | **77.80** | **-** | **-** |
| **Preferential Share Amount Received** | | | | | | | | |
| Others | - | - | - | - | - | - | 3,195.45 | 1,125.00 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **3,195.45** | **1,125.00** |
| **Balances as at year end** | | | | | | | | |
| **Trade Payable** | | | | | | | | |
| AGL Infrastructure Private Limited | - | - | - | - | - | 4.17 | - | - |
| Astron Paper and Board Mills Limited | - | - | 20.93 | - | - | - | - | - |
| Affil Vitrified Private Limited | - | - | - | - | 20.07 | 588.98 | - | - |
| AGL Developers | - | - | - | - | - | 21.97 | - | - |
| Bhaveshbhai Vinodbhai Patel | - | - | - | - | - | - | 6.14 | - |
| Vinodbhai Lalabhai Patel | - | - | - | - | - | - | 11.88 | - |
| Vipulbhai Vinodbhai Patel | - | - | - | - | - | - | 4.13 | - |
| Kamleshbhai Bhagubhai Patel | - | - | - | - | - | - | - | 8.16 |
| Mukeshbhai Jivabhai Patel | - | - | - | - | - | - | - | 5.95 |
| Bhanuben Mukeshbhai Patel | - | - | - | - | - | - | - | 8.93 |
| Hinaben Kamleshbhai Patel | - | - | - | - | - | - | - | 7.32 |
| Bhagubhai Punjabhai Patel | - | - | - | - | - | - | - | 8.14 |
| Shaunakbhai Mukeshbhai Patel | - | - | - | - | - | - | - | 10.07 |
| Dhuliben Jivabhai Patel | - | - | - | - | - | - | - | 4.02 |

**Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021**

**38 Related party disclosures (Cont...)**

The following table summarizes related-party transactions and balances for the year ended/as at March 31, 2021 and March 31, 2020

**(₹ in Lakhs)**

| Particulars | Joint Ventures | | Associate | | KMP and/or their relatives having Significant Influence and others | | KMP / Relatives of KMP | |
|---|---|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| | **-** | **-** | **20.93** | **-** | **20.07** | **615.12** | **22.15** | **52.59** |
| **Trade Receivable** | | | | | | | | |
| Affil Vitrified Private Limited | - | - | - | - | - | 2.28 | **-** | **-** |
| | **-** | **-** | **-** | **-** | **-** | **2.28** | **-** | **-** |
| **Advance to Vendor** | | | | | | | | |
| Affil Vitrified Private Limited | **-** | **-** | **-** | **-** | 571.83 | - | - | - |
| | **-** | **-** | **-** | **-** | **571.83** | **-** | **-** | **-** |
| **Deposit** | | | | | | | | |
| Shaliniben Shaunak Patel<br>Hinaben Kamleshbhai Patel | - | - | - | - | - | - | 1.38 | 1.38 |
| | **-** | **-** | **-** | **-** | **-** | **-** | **2.76** | **2.76** |
| **Loan Given** | | | | | | | | |
| AGL Infrastructure Private Limited | - | - | - | - | 61.54 | 69.66 | - | - |
| Asian Institute of Technology | | | | | 104.21 | 136.44 | | |
| | **-** | **-** | **-** | **-** | **165.75** | **206.10** | **-** | **-** |
| **Loan Taken** | | | | | | | | |
| Kamleshbhai Bhagubhai Patel | - | - | - | - | - | - | - | 18.50 |
| Mukeshbhai Jivabhai Patel | - | - | - | - | - | - | 25.00 | 6.40 |
| ShaunakKumar Mukeshbhai Patel | - | - | - | - | - | - | 120.00 | 129.72 |
| Vipulbhai Vinodbhai Patel | - | - | - | - | - | - | 323.96 | 605.46 |
| AGL Infrastructure Private Limited | - | - | - | - | 888.61 | 437.55 | - | - |
| Affil Vitrified Private Limited | - | - | - | - | 973.64 | 922.44 | - | - |
| | **-** | **-** | **-** | **-** | **1,862.25** | **1,359.99** | **468.96** | **760.08** |
| **Guarantees Given** | | | | | | | | |
| Camrola Quartz Limited | - | - | - | - | - | 4,280.00 | - | - |
| | **-** | **-** | **-** | **-** | **-** | **4,280.00** | **-** | **-** |

**Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021**

**39 Contingent Liabilities and Commitments**

**I. Contingent liabilities** **(₹ in Lakhs)**

| | **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| **(a)** | Claims against the Group not acknowledged as debts comprise of | | |
| | i) In respect of Pending Income Tax Demands | 1,890.50 | 1,027.04 |
| | ii) In respect of Pending Sales Tax Demands | 4,336.69 | 1,289.40 |
| | iii) In respect of Pending Excise Duty claim by DGFT | 167.97 | 167.97 |
| | iv) In respect of Pending Excise Duty claim by DGCEI | 2,241.04 | 2,241.04 |
| | v) In respect of Pending Custom Duty claim by DRI | 473.51 | - |
| | vi) In respect of Pending Consumer/Legal Cases | 72.00 | 41.57 |
| | vii) Others | 114.23 | 114.23 |
| **(b)** | Bank guarantees for Performance, Earnest Money & Security Deposits | 3,273.15 | 3,661.39 |
| **(c)** | Duty on Machinery Imported under EPCG Scheme | 133.28 | 286.01 |
| **(d)** | Corporate Guarantees | 14,315.00 | 20,880.00 |
| | **Total** | **27,017.37** | **29,708.65** |

**II. Commitments** **(₹ in Lakhs)**

| **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|
| Letter of Credit Opened with Banks | 338.07 | 348.64 |
| **Total** | **338.07** | **348.64** |

The above matters are currently being considered by the tax authorities with various forums and the Groupexpects the judgement will be in its favour and has therefore, not recognised the provision in relation to these claims. Future cash outflow in respect of above will be determined only on receipt of judgement & decision pending with tax authorities at various forums. The potential undiscounted amount of total payments for taxesthat the Group may be required to make if there was an adverse decision related to these disputed demands on regulators as of the date reporting period ends are as stated above.

**40** The Group has not received full information from vendors regarding their status under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act); disclosure relating to amount unpaid at year end together with interest paid/payable have been given based on the information so far available with the Group/identified by the Group management:

**(₹ in Lakhs)**

| | **Particulars** | **As at March 31, 2021** | **As at March 31, 2020** |
|---|---|---|---|
| 1 | the principal amount and the interest due thereon remaining unpaid to any supplier at the end of the year | 237.72 | 199.28 |
| 2 | the amount of interest paid by the Company in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| 3 | the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |
| 4 | the amount of interest accrued and remaining unpaid at the end of the year | 1.74 | 4.36 |
| 5 | the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above areactually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

**41 Leases**

**A. Operating lease commitments - Group as lessee**

The Group's lease asset classes primarily consist of leases for Office & Other Building. The Group recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

**Following are the changes in the carrying value of right of use assets for the year ended March 31, 2021 andMarch 31, 2020**

**(₹ in Lakhs)**

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| Right of Use Assets (Refer Note 3) | 794.83 | 1,064.96 |
| **Total** | **794.83** | **1,064.96** |

**The following is the movement in lease liabilities during the year ended March 31, 2021 and March 31, 2020**

**(₹ in Lakhs)**

| | Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|---|
| (i) | Recognition on adoption of Ind AS 116 | - | 1,361.06 |
| (ii) | Opening Lease Liabilities | 1,126.64 | - |
| (iii) | Additions during the year | 273.48 | - |
| (iv) | Finance cost accrued during the year | 102.71 | 97.17 |
| (v) | Payment of lease liabilities | (299.05) | (331.59) |
| (vi) | Rent concession on Lease Rentals | (87.38) | - |
| (vii) | Sale of Lease Liabilities | (224.06) | - |
| | **Total** | **892.34** | **1,126.64** |

**41 Leases (Cont…)**

**The following is the break-up of current and non-current lease liabilities as at March 31, 2021 and March 31,2020**

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **(Measured at amortised cost, Refer Note 31)** | | |
| (i) Non-current lease liabilities | 691.29 | 814.27 |
| (ii) Current lease liabilities | 201.05 | 312.37 |
| **Total** | **892.34** | **1,126.64** |

**The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2021 and March 31, 2020 on discounted basis**

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| (i) Not later than a year | 201.05 | 312.37 |
| (ii) Later than a year but not later than five years | 515.60 | 673.16 |
| (iii) More than five years | 175.69 | 141.11 |

**The following impact have been given in profit and loss of Ind AS 116 - Leases**

(₹ in Lakhs)

| Changes [Increase / (decrease)] | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| (i) Depreciation and Amortisation | 335.39 | 296.08 |
| (ii) Finance Cost (Net) | 97.15 | 123.94 |
| (iii) Lease Rent Cost | (299.05) | (331.59) |
| (iv) Ind As 116 Lease Concession | 87.38 | - |
| (v) Profit / (Loss) on Sale of Lease Asset | 15.81 | - |
| **Profit before tax** | **236.68** | **88.43** |

**B. Operating lease commitments - Group as lessor**

The Group has given various premises under operating lease or leave and license Agreements. These are generally cancellable, having a term between 11 months and 3 years and have no specific obligation for renewal.

**42 Segment Information**

The Group has only one reportable segment viz, Tiles & Marbles as per Ind As 108 - Operating Segment.

**Entity Wide Disclosure**

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Non-current Operating Assets:** | | |
| In India | 49,426.56 | 48,678.42 |
| Outside India | - | - |
| **Total** | **49,426.56** | **48,678.42** |

**Geographic Information**

(₹ in Lakhs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|---|---|
| **Revenue from external customers:** | | |
| In India | 1,07,045.12 | 97,132.16 |
| Outside India | 21,567.26 | 24,025.35 |
| **Total** | **1,28,612.37** | **1,21,157.51** |

**Notes to the Consolidated Financial Statements for the Year Ended March 31, 2021**

**43 Disclosure of Significant Interest in Subsidiaries as per Ind AS 27**

| Sr. No. | Name of Entities | Relationship | Places of Business | Ownership as at March 31, 2021 | Ownership as at March 31, 2020 |
|---|---|---|---|---|---|
| 1 | AGL Industries Limited | Subsidiary | India | 100.00% | 100.00% |
| 2 | Amazoone Ceramics Limited | Subsidiary | India | 95.32% | 95.32% |
| 3 | AGL Global Trade Private Limited | Subsidiary | India | 100.00% | - |
| 4 | Powergrace Industries Limited | Step Subsidiary | India | 100.00% | 100.00% |
| 5 | Crystal Ceramic Industries Private Limited | Subsidiary | India | 70.00% | 70.00% |

**44** The Holding Company has entered in to Joint Venture cum Shareholders Agreement with Paramshree Granito Private Limited, where by the Holding Company was holding 51% of Shares in Camrola Quartz Limited vide agreement dated January 15, 2018. The Board of the Company has approved the termination of Joint Venture cumShareholders Agreement in its meeting held on February 13, 2020.
Accordingly the Joint Venture cum Shareholders Agreement was terminated and sale of shares Agreement was done by the Holding Company on March 18, 2020 and the transfer of shares also took place on March 18, 2020. So Financials of Camrola Quartz Limited have been considered till the date of March 18, 2020 in consolidation of books of accounts.

**45** The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employmentbenefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impactof the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**46** The Holding Company has incorporated Wholly owned subsidiary named AGL Global Trade Private Limited for trading business on March 17, 2020. The Holding Company has subscribed its equity share capital of 10,000 equity shares of ₹ 10 each on August 25, 2020 amounting to ₹ 1.00 Lakh.

**47** COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS-CoV-2. In March 2020, the WHO declared COVID-19 a pandemic. The Group has adopted measures to curb the spread of infection inorder to protect the health of the employees and ensure business continuity with minimal disruption.
In assessing the recoverability of receivables and other financials assets, the Group has considered internal and external information upto the date of approval of these consolidated financial statements. The impact of the globalhealth pandemic may be different from that of estimated as at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

**48 In the opinion of Board of Directors**

(a) Current assets, non-current loans and advances are realizable in the ordinary course of business, at the value at which they are stated.

(b) The provision for all known liabilities are adequate and not in excess of the amount reasonably necessary.

**49** Balance of Trade receivables, Trade payables, loans and advances are subject to confirmation from the respectiveparties.

**50** The figures pertaining to previous periods have been regrouped and restated wherever necessary, to make them comparable.

**51 Additional information as required by Paragraph 2 of the general Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013**

**(₹ in Lakhs)**

| Particulars | Net Assets | | Share of Profit & Loss | | Share of Other Comprehensive Income | | Share in Total Comprehensive Income | |
|---|---|---|---|---|---|---|---|---|
| | % of Consolidated Net Assets | ₹ | % of Consolidated Profit & Loss | ₹ | % of Consolidated Other Comprehensive Income | ₹ | % of Consolidated Total Comprehensive Income | ₹ |
| **Parent** | | | | | | | | |
| Asian Granito India Limited | 80.71% | 52,928.69 | 85.44% | 4922.26 | 84.14% | 20.77 | 85.44% | 4943.03 |
| **Subsidiaries** | | | | | | | | |
| Amazoone Ceramics Limited | 5.41% | 3,545.51 | 5.69% | 327.82 | (2.67%) | (0.66) | 5.65% | 327.16 |
| AGL Industries Limited | 0.54% | 353.10 | 1.20% | 69.40 | - | - | 1.20% | 69.40 |
| Crystal Ceramics Industries Limited | 14.32% | 9389.91 | 2.63% | 151.72 | 22.52% | 5.56 | 2.72% | 157.28 |
| Agl Global Trade Private Limited | 0.00% | (3.25) | (0.07%) | (4.25) | - | - | (0.07%) | (4.25) |
| **Step Subsidiaries** | | | | | | | | |
| Powergrace Industries Limited | 0.66% | 433.87 | 1.74% | 100.12 | (0.24%) | (0.06) | 1.73% | 100.06 |
| Inter Company Eliminations | (1.63%) | (1067.13) | | | | | | |
| **Associates** | | | | | | | | |
| Astron Paper & Board Mill Limited | - | - | 3.36% | 193.84 | (3.73%) | (0.92) | 3.33% | 192.92 |

**As per our report of even date attached**
**For R R S & Associates**
**Chartered Accountants**
**ICAI Firm Reg. No.-118336W**

**Rajesh Shah**
**Partner**
**Membership No.-034549**
**Place: Ahmedabad**
**Date: May 31, 2021**

**For and on behalf of the Board of Directors**

**Kamleshbhai B. Patel**
**Chairman & Managing Director**
**DIN: 00229700**

**Mukeshbhai J. Patel**
**Managing Director**
**DIN: 00406744**

**CA Amarendra Kumar Gupta**
**Chief Financial Officer**
**Membership No.-063510**
**Place: Ahmedabad**

**Dr. Dhruti Trivedi**
**Company Secretary**
**Membership No.-A31842**

## ACCOUNTING RATIOS

**Statements of Accounting Ratios**

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Consolidated Audited Financial Statements and the Unaudited December Consolidated Financial Results included in ***"Financial Statements"*** as above:

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

| **Particulars** | **Based on Limited Review Unaudited Consolidated Financial Results** | | **Based on Audited Consolidated Financial Statements** | |
|---|---|---|---|---|
| | **Nine months ended December 31, 2021#** | **Nine months ended December 31, 2020#** | **For the FY ended March 31, 2021** | **For the FY ended March 31, 2020** |
| **Basic & Diluted Earnings Per Share (EPS)** | | | | |
| Basic Earnings Per share | 19.68 | 12.30 | 18.57 | 14.02 |
| Diluted Earnings Per share | 19.68 | 12.30 | 18.57 | 14.02 |
| **EBITDA** | 9,550.82 | 9,462.30 | 13,595.24 | 11,769.79 |
| **Return on Net Worth** | | | | |
| Profit for the period/year (A) | 7,985.62 | 3,740.84 | 5,700.05 | 4,218.00 |
| **Net Worth** | | | | |
| Equity Share Capital | 5,675.16 | 3,093.74 | 3,405.44 | 3,008.74 |
| Other Equity* | 85,385.20 | 53,294.98 | 59,192.36 | 48,727.07 |
| **Net Worth at the end of period/year (B)** | **91,060.36** | **56,388.72** | **62,597.80** | **51,735.81** |
| **Return on Net worth (%=A/B)** | 8.77% | 6.63% | 9.11% | 8.15% |
| **Net Assets Value per Equity Share** | | | | |
| Net worth at the end of the period/year (C) | 91,060.36 | 56,388.72 | 62,597.80 | 51,735.81 |
| Number of equity shares outstanding at the end of the period/year (D) | 56,751,634 | 30,937,446 | 34,054,446 | 30,087,446 |
| Net assets value per equity Share (C/D) | 160.45 | 182.27 | 183.82 | 171.95 |

***#Not annualized***
**This includes capital reserves and other reserves*
***Net Worth is derived from the Financial Information and comprises of equity share capital and other equity.*

***Notes:***

A. *The formulae used in the computation of the above ratios are as follows:*

1) Basic Earnings Per Share = $\frac{\text{Net Profit after Tax as per consolidated statement}}{\text{Weighted average number of equity shares outstanding during the Period /year}}$

2) Diluted Earnings Per Share = $\frac{\text{Net Profit after Tax as per consolidated statement}}{\text{Weighted average number of equity shares outstanding during the Period /year for the effects of all dilutive potential equity shares}}$

3) Return on net worth (%) = $\frac{\text{Net Profit after Tax as per consolidated statement}}{\text{Net worth}}$

4) Net Asset Value per share = $\frac{\text{Net Worth}}{\text{Number of Equity Shares subscribed and fully paid outstanding as at the end of the period / year.}}$

B. Earnings per share (EPS) calculation are in accordance with Ind - AS 33 - Earning per share.

C. Weighted average number of shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.

D. **"EBITDA"** means earnings before interest, tax, depreciation and amortization. It has been calculated as follows: Profit before tax (before share of profit of Associate & Joint Venture) – other income + finance cost + depreciation and amortization expense.

## 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 2021 and Fiscal 2020 included in this Draft Letter of Offer. Our audited consolidated financial statements for Fiscal 2021 and Fiscal 2020 are prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Consolidated Financial Statement 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 20 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 Asian Granito India Limited on a consolidated basis, as applicable in the relevant period, unless otherwise stated.*

### OVERVIEW

Our Company was incorporated in the year 1995, began its commercial operations of manufacturing tiles in the year 2003 and since then Company has grown creating a cluster of integration within itself and its associate concerns. Our Company is engaged in the business of manufacturing tiles, vitrified and ceramic, and cater to an consumers through a range of products at various price points including polished, double charged, glazed, unglazed, rustic, matt, homogenous and non-homogeneous body, etc. Our Company also manufactures engineered marble and quartz stone with varied thickness, design, shape and colour range to cater to the middle to upper-middle segment.

In 2019, our Company forayed into the business of bath-ware range to diversify its product portfolio and strengthen the domestic and international markets reach supported by large penetration opportunities offered by the segment. The Company manufactures some of the products on contractual basis and imports some of the products. Bath-ware range includes faucets and sanitary ware such as wash basins, urinals, one piece and wall hung water closets, among others with features like anti-bacterial, twin flushing technology, scratch, chemical and stain resistant, etc.

Over the years, we have made continuous investments in our manufacturing infrastructure to support our product portfolio requirements and reach. Our capabilities as a company include internal R&D expertise, manufacturing capabilities, a quality assurance system, production designing experience, marketing and distribution relationships. Our compliance with the internal quality control and international standards of quality, has enabled us to expand our operations internationally to countries including China, Israel, United States of America, Germany, Spain, Italy, Korea, Thailand, Myanmar, Canada, Indonesia, Australia, Bangladesh, Vietnam, Brazil, GCC Countries, Kenya, etc. Apart from manufacturing products for our dealers and distributors, we are also selling to builders, government supplies, project customers and overseas customers.

Our Company along with its subsidiaries, own 5 manufacturing facilities at multiple locations in the state of Gujarat. Our strategic location enables us to procure key raw materials from the quarries in Rajasthan at cheaper costs. All the units have a combined installed production capacity of 2,24,26,500 square meter as on February 15, 2022. The Company has also installed wind power generator to augment the power requirements of the aforesaid manufacturing facilities thereby reducing the usage of fossil fuel. To ensure supply of products meeting the applicable and industry recognized standards, we have set up quality control facilities at each unit, which consists of our quality assurance and quality control teams who check and conduct various tests on the products at various stages starting from the raw materials procured to the finished products manufactured by us. All our facilities are supplemented by our utilities, such as water, power, effluent treatment plant, etc. which makes it an important link between all our facilities.

### SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled "***Risk Factors***" on page 20. The following is a discussion of certain factors that have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

#### A. Impact of COVID-19 Pandemic

The current outbreak of COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in a period of economic downturn and business disruption in India. The World Health Organization declared the outbreak of COVID-19 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 and imposed several restrictions. In view of the nationwide lockdown announced by the Government of India to control the spread of COVID-19, our business operations were temporarily disrupted from March 24, 2020. Since then, we have resumed operations in a phased manner as per the Government of India and state government's directives. . Further the impact of the ongoing pandemic, particularly the second wave and more communicable strain of the virus that has affected India in April, 2021, also resulted in an adverse impact on our operations, since our factories were partially operational. We also incurred and may continue to incur additional expenses in complying with evolving government regulations, including with respect to social distancing measures, safety norms, and sanitization practices.

For more information on these and other factors / development which have or may affect us, please refer to chapters titled "***Risk Factors***", "***Industry Overview***" and "***Our Business***" beginning on page 20, 83 and 102 respectively of this Draft Letter of Offer.

**B. Our Company requires significant amounts of working capital and significant portion of our working capital is consumed in trade receivables and inventories.**

Our business requires significant working capital, such as to finance the purchase of raw materials, finished goods, payments for outsourced manufacturing processes and operating expenses for the operation of our warehouses before we receive payment from our counterparties. In addition, the actual amount of our future capital requirements may differ from estimates as a result of, among other factors, cost overruns, unanticipated expenses, regulatory changes, economic conditions, additional market developments and new opportunities in the building materials industry.

Our inventories comprises raw materials, work-in-progress, finished goods and stocks purchased from third party manufacturers. Our Inventories as a % of total current asset on consolidated basis as on September 30, 2021 and March 31, 2021 were 38.26% and 37.90%. Owing to the nature and size of our business, we have to ensure smooth and on-time supply of materials upon receipt of demand from our distributors, dealers and project customers to stay competitive. This requires us to avoid stock-out situations and maintain adequate stock of numerous Stock Keeping Units (SKUs) and the results of operations of our business are dependent on our ability to manage our inventory and stocks. To effectively manage our inventory, we must be able to accurately estimate customer demand and supply requirements and manufacture and trade inventory accordingly. If our management misjudges expected customer demand, it could adversely impact the results by causing either a shortage of products or an accumulation of excess inventory. Further, if we fail to sell the inventory, we may be required to write-down our inventory or pay our suppliers without new purchases, or create additional vendor financing, which could have an adverse impact on our income and cash flows, liquidity and overall business.

Our trade receivables as % of total current asset as on September 30, 2021 and March 31, 2021 were 45.57% and 49.88%. While the Company has been attempting for efficient and faster realization of receivables and resorted to various measures including pursuing legal cases for recovery, we may not be able to fully recover the outstanding amount which may lead to write-off of our overdue unrecoverable trade receivables, and may, inter alia, require us to avail further short-term borrowings in future. Continued increases in our working capital requirements may have adverse effect on our business and results of operations.

For further details, please refer to the chapter titled *"Risk Factors"* on page 20 of this Draft Letter of Offer.

**C. Our proposed capacity expansion plans via our new manufacturing facilities are subject to the risk of unanticipated delays in implementation and cost overruns.**

We have made and intend to continue making investments to expand our manufacturing capacities to aid our growth efforts. We intend to use substantial part of the Net Proceeds for the Proposed Projects to expand capacities in our product segments and launch new product. Further, we also intend to fund the capital expenditure for setting up display centre to showcase our entire range of Products and capabilities. The Proposed Project is intended to be funded from a combination of internal accruals and net proceeds.

Our Proposed Projects remain subject to the potential problems and uncertainties that construction projects face including cost overruns or delays. Problems that could adversely affect our expansion plans include labour shortages, increased costs of equipment or manpower, inadequate performance of the equipment and machinery installed in our manufacturing facilities, delays in completion, defects in design or construction, the possibility of unanticipated future regulatory restrictions, delays in receiving governmental, statutory and other regulatory approvals, incremental pre-operating expenses, taxes and duties, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management.

For further details, please refer to the chapter titled *"Risk Factors"* on page 20 of this Draft Letter of Offer.

**D. Our ability to develop new products and enhance existing products in accordance with evolving customer needs**

The requirements of our customers vary across a range of products or technical requirements. To service and grow our relationships with our existing customers and to win new customers, we must be able to provide them with products that address their requirements, to anticipate and understand trends in their relevant markets and to continually address their requirements as those requirements change and evolve. In this regard, we believe that our culture of innovation, our workforce, our research and testing facilities have enabled us to expand the range of our Products to customers and enhance the distribution network.

If we are able to anticipate and respond to our customers' requirements on a timely and cost-efficient basis, we would expect to tap the market opportunity that our industry segment presents domestically as also globally. Further, leveraging on our present portfolio of customers and expertise in the verticals of our existing customers we aim to develop new customer relationships by identifying potential customers that operate within the same verticals as our existing customers. Conversely, if we are unable to provide to our customers, or if our customers are dissatisfied with our quality or for any other reason, it would have an adverse effect on our revenues and our profits.

**E. Pricing of and margin on our products**

The margin on our products is heavily impacted by the increase in our costs incurred towards manufacturing those products such as raw materials cost, fuel charges, etc. We seek to maximize our revenues and profitability by expanding the product portfolio, strengthening our in-house manufacturing capabilities and diversify our target customer mix.

**F. Our ability to effectively manage our growth or to successfully implement our business plan and growth strategies**

The success of our business will depend greatly on our ability to effectively implement our business and growth strategies. Our growth strategies requires us to develop and strengthen relationships with existing dealers and customers for our business of vitrified tiles who may drive high volume orders on an ongoing basis. To remain competitive, we seek to increase our business from existing customers and by adding new customers, as well as expanding into new geographical markets.

Our success in implementing our growth strategies may be affected by:

- our ability to manage our working capital for our present as well as future projects;
- our ability to control cost and supply products at competitive prices;
- our ability to expand our dealers' network;
- our ability to maintain the quality of our products;
- our ability to increase our export operations;
- our ability to increase our manufacturing capacities as well as procure goods on outsourcing basis;
- the general condition of the global economy (particularly of India and the other markets that we currently or may operate in);
- our ability to compete effectively with existing and future competitors,
- changes in the Indian or international regulatory environment applicable to us.

Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. We also plan to enhance and develop our existing brand in India, by focusing further resources, including management time and effort, distribution and sales network and brand management on developing our brand..

While we have executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within our estimated budget, or that our expansion and development plans will increase our profitability.

**G. Changes in laws and regulations relating to the industry in which we operate**

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. Unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including laws relating to coal and gas supplies, environment laws, import and export norms governing our business and operations could have impact on our future operations.

**H. Ability to maintain and expand our dealer network and increasing export operations**

Our Company has more than 2700+ registered dealers including sub dealers with a widespread presence. We have been actively making efforts to increase our distribution network so as to attain a higher market share. Our ability to successfully expand our dealers' network in existing as well as new markets including international markets, is dependent on our familiarity with the economic condition, end-customer base and commercial operations in these new regions. We intend to capitalize on this growing opportunity by increasing our focus on export operations by exploring new geographies and increase business from existing countries.

**I. Increasing competition in the industry**

Our industry is characterized by intense competition and is dominated by highly fragmented with many small and medium players. At the same time, a few of our competitors are larger than us and have greater financial, manufacturing, R&D and other resources. Consequently, our competitors may possess wider product ranges, larger distribution network, higher brand recall and broader appeal across various geographies. We compete with different players on the basis of designs, competitive prices, our distribution network and quality of the products. As a result, to remain competitive in our markets, we must continuously strive to introduce new products and designs, expand our product portfolio and distribution network, enhance our brand and improve our operating efficiencies. If we are unable to respond to competition from existing and new players, our business and revenue from operations may be affected adversely. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new products, pricing strategy of competitors, changes in consumer preferences and general economic, political and social conditions in the markets in which we operate. Further we also face competition from international markets, especially China on account of their lower cost of production.

**J. Changes in fiscal, economic or political conditions in India**

We are incorporated in India and we conduct our manufacturing and corporate affairs in India. Consequently, our business operations, financial performance and the market price of our Equity Shares are affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition along with the price of the Equity Shares.

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis for Preparation:**

These financial statements are the consolidated financial statements of the group prepared in accordance with Indian Accounting Standards ('Ind AS') as notified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These consolidated financial statements have been prepared and presented under the historical cost convention, on the accrual and going concern basis of accounting except for the certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

The accounting policies have been applied consistently over all the periods presented in these financial statements.

2. **Functional and presentation currency:**

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise stated.

3. **Key accounting estimates and judgements:**

The preparation of the Group's consolidated financial statements requires the 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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

4. **Critical accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

i) Property, Plant and Equipment:
Property, Plant and Equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

ii) Income taxes:
The Group's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

iii) Defined Benefit Obligation:
The costs of providing pensions and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.

iv) Estimates:
Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

v) Estimation of uncertainties relating to the global health pandemic from COVID -19:
In view of the unprecedented COVID-19 pandemic, the Group has made a detailed assessment of its liquidity position for the next one year and recoverability of Property, Plant and Equipment, Investments, Trade Receivables and Inventories as at the balance sheet date. In assessing the recoverability, the Group has considered internal and external information upto the date of approval of these Ind AS consolidated financial statements and has concluded that there are no material impact on the operations and the financial position of the Group. However, the impact of the global health pandemic may be different from that estimated at the date of approval of these consolidated financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

5. **Current / Non-Current Classification:**

Any asset or liability is classified as current if it satisfies any of the following conditions:

i. the asset/liability is expected to be realized/settled in the Group's normal operating cycle;
ii. the asset is intended for sale or consumption;
iii. the asset/liability is expected to be realized/settled within twelve months after the reporting period;
iv. the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;
v. In the case of a liability, the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

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

For the purpose of current/non-current classification of assets and liabilities, the Group has ascertained its normal operating cycle as twelve months. This is based on the nature of services and the time between the acquisition of assets or inventories for processing and their realization in cash and cash equivalents.

**6. Basis for consolidation:**

The consolidated financial statements comprise the financial statements of the Group and Group's share of profit/loss in its associate as at March 31, 2021. Control exists when the Group has:

- power over the investee;
- exposure or rights, to variable returns from its involvement with the investee; and
- ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Generally, there is a presumption that a majority of voting rights result in control. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group have, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed off during the year are included in the Consolidated Statement of Profit and Loss from the date when the group gains control until the date when the Group ceases to control the subsidiary.

If the Group losses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity. Any investment retained is measured at fair value. Any resultant gain or loss is recognised in the Consolidated Statement of Profit and Loss.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.
The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent, i.e., year ended on March 31, 2021.

The consolidated financial statements have been prepared on the following basis:

i) The financial statements of the Parent and its subsidiaries have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses in accordance with Ind AS 110 "Consolidated Financial Statements". Further, the carrying amount of the Parent's investments in each subsidiary and the Parent's portion of equity of each subsidiary are eliminated on consolidation.

ii) The consolidated financial statements include the share of profit / loss of an associate which have been accounted for using equity method as per Ind AS 28 "Investment in Associate and Joint Ventures". The investment is initially recognised at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss (the loss being restricted to the cost of investment) of the investee after the acquisition date.

iii) Profit or loss and each component of Other Comprehensive Income (the 'OCI') are attributed to the equity holders of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

iv) The excess of cost to the Group of its investments in the subsidiary companies, joint venture and associate over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiaries, joint venture and associate as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements.

v) Non-controlling Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the non-controlling shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year and each component of Other Comprehensive Income of the subsidiaries attributable to non-controlling interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the parent.

**7. Summary of Significant accounting policies:**

**a) Business Combinations:**

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interest's method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonize accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

**b) Property, Plant & Equipment:**

i. <u>Measurement at recognition:</u>

An item of property, plant and equipment that qualifies as an asset is measured on initial recognition at cost. Following initial recognition, items of property, plant and equipment are carried at its cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises of its purchase price, including import duties, borrowing cost, changes on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets, other non-refundable purchase taxes or levies and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

ii. Depreciation:

Depreciation on each part of an item of property, plant and equipment is provided using the Straight-Line Method (SLM) Method based on the useful life of the asset as prescribed in Schedule II to the Companies Act, 2013 except following items of Property, Plant and Equipment where group has estimated different useful life:

| **Particulars** | **Useful Life varying between** |
|---|---|
| Plant & Machinery | 8 & 21 Years |
| Buildings | 10 & 60 Years |
| Furniture & Fixtures and Office equipment | 5 & 13 Years |

Land is not depreciated.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

iii. Derecognition:

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

iv. Capital Work in progress:

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

**c) Investment Property:**

Investment Property is measured initially at cost including related transaction costs.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditures are capitalized only when it is probable that future economic benefits associated with these will flow to the group and the cost of the item can be measured reliably. All day-to-day repair and maintenance expenditure are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of investment property are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

**d) Borrowing Costs:**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

**e) Impairment of non-financial assets:**

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets or group of assets, called cash generating units (CGU) may be impaired. If any such indication exists the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**f) Inventory:**

Raw materials, finished goods, packing materials, stores, spares, consumables and stock-in-trade are carried at the lower of cost and net realizable value. However, materials and other items held for use in production of inventories are not written down below cost if the finished goods in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item-by item basis.
In determining the cost of raw materials, packing materials, stock-in-trade, stores, spares, components and consumables, first in first out (FIFO) method is used. Cost of inventory comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to their present location and condition.

Cost of finished goods and work-in-progress includes the cost of raw materials, packing materials, an appropriate share of fixed and variable production overheads as applicable and other costs incurred in bringing the inventories to their present location and condition. Fixed production overheads are allocated on the basis of normal capacity of production facilities.

**g) Financial Instrument:**

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.

**Financial Assets:**

Initial recognition and measurement:

The Group recognizes a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognized initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial asset.

Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial asset.

However, trade receivables that do not contain a significant financing component are measured at transaction price.

Subsequent measurement:

For subsequent measurement, the Group classifies a financial asset in accordance with the below criteria:

i. The Group's business model for managing the financial asset and
ii. The contractual cash flow characteristics of the financial asset.

Based on the above criteria, the Group classifies its financial assets into the following categories:

i. Financial assets measured at amortized cost.
ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
iii. Financial assets measured at fair value through profit or loss (FVTPL)

i. Financial assets measured at amortized cost:

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

   a) The Group's business model objective for managing the financial asset is to hold financial assets in order to collect contractual cash flows, and
   b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Group. Such financial assets are subsequently measured at amortized cost using the effective interest method.

   Under the effective interest method, the future cash receipts are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest income over the relevant period of the financial asset. The same is included under other income in the Statement of Profit and Loss.

   The amortized cost of a financial asset is also adjusted for loss allowance, if any.

ii. Financial assets measured at FVTOCI:

   Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI).

iii. Financial assets measured at FVTPL:

   A financial asset is measured at FVTPL unless it is measured at amortized cost or at FVTOCI as explained above. This is a residual category applied to all other investments of the Group excluding investments in subsidiary and associate companies. Such financial assets are subsequently measured at fair value at each reporting date. Fair value changes are recognized in the Statement of Profit and Loss.

Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized (i.e., removed from the Group's Balance Sheet) when any of the following occurs:

i. The contractual rights to cash flows from the financial asset expires;
ii. The Group transfers its contractual rights to receive cash flows of the financial asset and has substantially transferred all the risks and rewards of ownership of the financial asset;

iii. The Group retains the contractual rights to receive cash flows but assumes a contractual obligation to pay the cash flows without material delay to one or more recipients under a 'pass-through' arrangement (thereby substantially transferring all the risks and rewards of ownership of the financial asset);
iv. The Group neither transfers nor retains substantially all risk and rewards of ownership and does not retain control over the financial asset.

In cases where Group has neither transferred nor retained substantially all of the risks and rewards of the financial asset, but retains control of the financial asset, the Group continues to recognize such financial asset to the extent of its continuing involvement in the financial asset. In that case, the Group also recognizes an associated liability. The financial asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On Derecognition of a financial asset, (except as mentioned in ii above for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of financial assets:

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

i. Trade receivables:

Trade receivables are initially recognised at fair value. Subsequently, these assets are held at amortized cost less provision for impairment based on expected credit loss.
For trade and lease receivable only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of such receivables.

ii. Financial assets measured at amortized cost (other than trade receivables)

In case of trade receivables, the Group follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognized as loss allowance.

In case of other assets (listed as ii above), the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to 12-month ECL is measured and recognized as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognized as loss allowance.

Subsequently, if the credit quality of the financial asset improves such that there is no longer a significant increase in credit risk since initial recognition, the Group reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial asset. 12-month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and probability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

**Financial Liabilities**

Initial recognition and measurement:

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. All financial liabilities are recognized initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss (FVTPL), transaction costs that are attributable to the acquisition of the financial liability.

Where the fair value of a financial liability at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognized as a gain or loss in the Statement of Profit and Loss at initial recognition if the fair value is determined through a quoted market price in an active market for an identical asset (i.e. level 1 input) or through a valuation technique that uses data from observable markets (i.e. level 2 input).

In case the fair value is not determined using a level 1 or level 2 input as mentioned above, the difference between the fair value and transaction price is deferred appropriately and recognized as a gain or loss in the Statement of Profit and Loss only to the extent that such gain or loss arises due to a change in factor that market participants take into account when pricing the financial liability.

Subsequent measurement:

All financial liabilities of the Group are subsequently measured at amortized cost using the effective interest method.

Under the effective interest method, the future cash payments are exactly discounted to the initial recognition value using the effective interest rate. The cumulative amortization using the effective interest method of the difference between the initial recognition amount and the maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial liability over the relevant period of the financial liability to arrive at the amortized cost at each reporting date. The corresponding effect of the amortization under effective interest method is recognized as interest expense over the relevant period of the financial liability. The same is included under finance cost in the Statement of Profit and Loss.

Derecognition:
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.

Offsetting of Financial Instruments:

Financial assets and financial liabilities are offset, and the net amount is reported in consolidated financial statements if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**h) Fair Value:**

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).
Level 1 — quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3 — inputs that are unobservable for the asset or liability

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period and discloses the same.

**i) Revenue Recognition:**

The Group has applied Ind AS 115 - Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised.

Revenue from sale of goods is recognised when control of the products being sold is transferred to customer and when there are no longer any unfulfilled obligations. The Performance Obligations in contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on contract terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc.

Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur. Customers have the contractual right to return goods only when authorised by the Group.

Interest and dividends:
Interest income is recognized using effective interest method. Dividend income is recognized when the right to receive payment is established.

Export benefits:
The Company recognises income from duty drawback and export benefit on accrual basis.

**j) Income Taxes:**

Tax expense is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current tax:
Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961. Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

Deferred tax:
Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit under Income Tax Act, 1961.

Deferred tax liabilities are generally recognized for all taxable temporary differences. However, in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax liabilities are not recognized. Also, for temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognized.
Deferred tax assets are generally recognized for all deductible temporary differences to the extent it is probable that taxable profits will be available against which those deductible temporary difference can be utilized. In case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit, deferred tax assets are not recognized.

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

Deferred tax assets and liabilities are measured at the tax rates that have been enacted or substantively enacted by the Balance Sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Presentation of current and deferred tax:
Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/ expense are recognized in Other Comprehensive Income.

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. In case of deferred tax assets and deferred tax liabilities, the same are offset if the Group has a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

**k) Foreign Currency Transaction & Translation:**

Initial Recognition:
On initial recognition, transactions in foreign currencies entered into by the Group are recorded in the functional currency (i.e., Indian Rupees), by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

Measurement of foreign currency items at reporting date:
Foreign currency monetary items of the Group are translated at the closing exchange rates. Non-monetary items that are measured at historical cost in a foreign currency, are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value is measured.

Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

**l) Provision & Contingencies:**
The Group recognizes provisions when a present obligation (legal or constructive) as a result of a past event exists and it is probable that an outflow of resources embodying economic benefits will be required to settle such obligation and the amount of such obligation can be reliably estimated.

If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

**m) Employee Benefits:**

Short Term Employee Benefits:
All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee renders the related service. The Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post-Employment Benefits:
i. Defined Contribution plans:
Defined contribution plans are employee provident fund, employee state insurance scheme and Government administered pension fund scheme for all applicable employees.

Recognition and measurement of defined contribution plans:
The Group recognizes contribution payable to a defined contribution plan as an expense in the Statement of Profit and Loss when the employees render services to the Group during the reporting period. If the contributions payable for services received from employees before the reporting date exceeds the contributions already paid, the deficit payable is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the reporting date, the excess is recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

ii. Defined Benefit plans:
The Group operates a defined benefit gratuity plan for employees.

Recognition and measurement of Defined Benefit plans:
The cost of providing defined benefits is determined using the Projected Unit Credit method with actuarial valuations being carried out at each reporting date. The defined benefit obligations recognized in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets, if applicable. Any defined benefit asset (negative defined benefit obligations resulting from this calculation) is recognized representing the present value of available refunds and reductions in future contributions to the plan.

All expenses represented by current service cost, past service cost, if any, and net interest on the defined benefit liability / (asset) are recognized in the Statement of Profit and Loss. Remeasurements of the net defined benefit liability / (asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in Other Comprehensive Income. Such remeasurements are not reclassified to the Statement of Profit and Loss in the subsequent periods.

The Group presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary; however, the entire liability towards gratuity is considered as current as the Group will contribute this amount to the gratuity fund within the next twelve months.

Other Long-Term Employee Benefits:
Entitlements to annual leave and sick leave are recognised when they accrue to employees. Sick leave can only be availed or encashed subject to a restriction on the maximum number of accumulations of leave. The group determines the liability for such accumulated leave using the projected accrued benefit method with actuarial valuations being carried out at each Balance Sheet date.

**n) Lease Accounting:**

The Group evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

**Group as a Lessee**

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows. Further, refer note no. 41, for effect of transition to Ind AS 116, classification of leases and other disclosures relating to leases.

**Group as a Lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income

**o) Segment Reporting:**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

**p) Earnings per share:**

Basic earnings per share is computed by dividing the net profit after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

**q) Cash Flow Statement:**

Cash Flow are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non- cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the group are segregated.

**r) Cash and cash equivalents:**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand, deposit accounts and term deposits accounts with original maturity of three months or less as at balance sheet date, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand, deposit accounts and term deposits as defined above and investment in liquid funds for short term purpose.

**s) Events after reporting date:**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the consolidated financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

**t) Investment in Associate & Joint Venture:**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and Other Comprehensive Income of the associate or Joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture); the Group discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

**CHANGE IN ACCOUNTING POLICIES**

There has been no change in accounting policies for the period which has been included in this Draft Letter of Offer.

**OVERVIEW OF REVENUE & EXPENDITURE**

**Revenue and Expenses**

Our revenue and expenses are reported in the following manner:

**Total Revenue**

Our Total Revenue comprises of revenue from operations and other income.

- **Revenue from operations** - Our revenue from operations consists of sale of products in domestic and export markets, and other operating revenue. Sale of products primarily consists of sale of ceramic and vitrified tiles, composite marble and quartz stone and bathware range. Other operating revenue mainly comprises of export incentives and miscellaneous income. For detailed breakup, see chapter titled "***Our Business***" on page 102 of this Draft Letter of Offer.

- **Other Income** - Other income primarily comprises interest income earned from loans given to subsidiaries and term deposits, rental income, certain non-recurring income such as profit on redemption of units of mutual funds and miscellaneous income.

**Expenses**

Our expenses comprise of cost of materials consumed, purchase of stock-in-trade, changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress, employee benefit expenses, finance costs, power and fuel expenses, depreciation & amortization expenses and other expenses.

- **Cost of materials consumed** – Cost of materials consumed comprises of purchase and consumptions of clays, silica, powder, minerals, glaze, frits, inks, chemicals and packing materials.

- ***Purchase of stock-in-trade -*** Purchase of stock-in-trade primarily comprises of tiles and bathware purchased from third party sub-contract manufacturers.

- ***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 includes increase / decrease in the Finished Goods, Stock-in-Trade and Work-in-Progress during the year.

- ***Employee benefit expenses -*** Our employee benefit expenses mainly include salaries & wages expense, managerial remuneration, contribution to provident fund and other funds, and staff welfare expenses.

- ***Finance costs -*** Our finance costs mainly include interest cost on term loans, working capital limits and other facilities availed by the company in addition to the bank charges.

- ***Depreciation and amortization expenses -*** Our depreciation and amortization expenses comprise of depreciation on tangible fixed assets and Right of Use Assets.

- ***Power & Fuel expenses –*** Power and fuel expenses comprise of consumption of gas and fuel and power expense.

- ***Other expenses -*** Other expenses mainly include expenses towards Freight & Forwarding Charges, Consumption of Stores & Spares, Other Manufacturing Expense, Selling & Distribution Expenses, Travelling & Conveyance costs, Advertisement Expenses, Rent, Rates & Taxes, Legal & Professional fees, Repairs & Maintenance costs and other miscellaneous administrative expenses.

**Tax expenses**

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws.

Deferred tax liability or 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.

**Our Results of Operations**

The following table sets forth, for the periods indicated, certain items from our consolidated financial statements, in each case also stated as a percentage of our total income:

***(Amount in Lakhs)***

| Particulars | For the Nine months ended December 31, 2021 | | For the Nine months ended December 31, 2020 | | For the year on ended March 31, 2021 | | For the year on ended March 31, 2020 | |
|---|---|---|---|---|---|---|---|---|
| | Amount | (%)* | Amount | Amount | Amount | (%)* | Amount | (%)* |
| **Revenue:** | | | | | | | | |
| Revenue from operations | 108,537.73 | 96.40% | 85,815.94 | 99.86% | 129,229.94 | 99.73% | 122,453.47 | 99.37% |
| Other income | 4,051.83 | 3.60% | 120.48 | 0.14% | 352.33 | 0.27% | 773.95 | 0.63% |
| **Total Revenue** | **112,589.56** | **100.00%** | **85,936.42** | **100%** | **129,582.27** | **100.00%** | **123,227.42** | **100.00%** |
| | | | | | | | | |
| **Expenses:** | | | | | | | | |
| Cost of Material consumed | 20,615.97 | 18.31% | 14,043.86 | 16.34% | 21,454.77 | 16.56% | 30,651.36 | 24.87% |
| Purchase of stock-in-trade | 47,983.30 | 42.62% | 41,856.74 | 48.71% | 64,433.11 | 49.72% | 43,059.39 | 34.94% |
| Change in inventory of FG, SIT, WIP | (83.13) | -0.07% | 76.70 | 0.09% | (1,684.29) | -1.30% | (218.33) | -0.18% |
| Employee benefits expense | 8,171.91 | 7.26% | 6,460.12 | 7.52% | 9,128.22 | 7.04% | 10,849.41 | 8.80% |
| Finance costs | 1,810.81 | 1.61% | 2,471.09 | 2.88% | 3,493.61 | 2.70% | 4,000.75 | 3.25% |
| Depreciation and amortisation expense | 2,217.69 | 1.97% | 2,204.15 | 2.56% | 2,934.82 | 2.26% | 3,077.91 | 2.50% |
| Power & Fuel expenses | 12,287.00 | 10.91% | 6,898.48 | 8.03% | 10,635.51 | 8.21% | 13,007.68 | 10.56% |
| Other expenses | 10,011.86 | 8.89% | 7,017.74 | 8.17% | 11,667.38 | 9.00% | 13,334.17 | 10.82% |
| **Total Expenses** | **103,015.41** | **91.50%** | **81,028.88** | **94.29%** | **122,063.13** | **94.20%** | **117,762.34** | **95.57%** |
| **Profit / (loss) before tax** | **9,574.15** | **8.50%** | **4,907.54** | **5.71%** | **7,519.13** | **5.80%** | **5,465.08** | **4.43%** |
| | | | | | | | | |
| **Tax Expense** | | | | | | | | |
| Current Tax | 1,479.57 | 1.31% | 1,002.25 | 1.17% | 1,569.14 | 1.21% | 1,250.10 | 1.01% |
| Earlier Year Tax | - | 0.00% | (4.25) | 0.00% | (6.57) | -0.01% | 222.28 | 0.18% |
| Deferred Tax Liability / (Asset) | 92.33 | 0.08% | 245.95 | 0.29% | 389.50 | 0.30% | (358.65) | -0.29% |
| **Total Tax Expense** | **1,571.90** | **1.40%** | **1,243.95** | **1.45%** | **1,952.07** | **1.51%** | **1,113.73** | **0.90%** |
| Profit for the year | 8,002.25 | 7.11% | 3,663.59 | 4.26% | 5,567.06 | 4.30% | 4,351.35 | 3.53% |
| Share of Profit of Associate (Net of Taxes) | 50.36 | 0.04% | 65.61 | 0.08% | 193.84 | 0.15% | 253.23 | 0.21% |
| **Profit for the year** | **8,052.61** | **7.15%** | **3,729.20** | **4.34%** | **5,760.90** | **4.45%** | **4,604.58** | **3.74%** |

** (%) column represents percentage of total revenue.*

## COMPARISION OF FINANCIAL YEAR ENDED MARCH 31, 2021 WITH FINANCIAL YEAR ENDED MARCH 31, 2020

**Total Revenue:**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 129,582.27 | 123,227.42 | 5.16% |

Despite Covid-19 pandemic, our total revenue increased by 5.16% to ₹ 129,582.27 lakhs for financial year 2020-21 from ₹ 123,227.42 lakhs for financial year 2019-20 bifurcated into revenue from operations and other income. This increase is due to general increase in the business operations of the Company.

**Revenue from Operations**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 129,229.94 | 122,453.47 | 5.53% |

During the financial year 2020-21, the revenue from operations of our Company increased to ₹ 129,229.94 lakhs as against ₹ 122,453.47 lakhs in the year 2019-20. This increase was due to increase in sales of the Company on account of general growth of business of the Company led by healthy demand in the domestic market in both projects business as well as from our distributors and dealers. However, the Company was impacted by Covid 19 lockdown during Financial Year 2020-21 and has strived to maintain the revenue growth amidst the pandemic, details of impact of COVID-19 on the business operations of the company has been explained in the chapter titled "***Our Business***" on page 102 of this Draft Letter of Offer. Further, Company also suffered loss in export incentives due to change in Government policies.

**Other Income**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 352.33 | 773.95 | (54.48)% |

During the financial year 2020-21, the other income of our company decreased to ₹ 352.33 lakhs from ₹ 773.95 lakhs in financial year 2019-20, representing a decrease of 54.48%. The decrease was majorly on account of sale of shares of subsidiary company, M/s Camrola Quatz Limited in the financial year 2019-20 of ₹ 308.40 Lakhs.

**Total Expense**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 122,063.13 | 117,762.34 | 3.65% |

The total expenditure for the financial year 2020-21 was increased to ₹ 122,063.13 lakhs from ₹ 117,762.34 lakhs in the financial year 2019-20, representing 3.65% increase bifurcated in varied expenses as explained below.

**Cost of Materials Consumed**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 21,454.77 | 30,651.36 | (30.00) % |

Cost of materials consumed for the financial year 2020-21 decreased to ₹ 21,454.77 lakhs from ₹ 30,651.36 lakhs in the financial year 2019-20, representing a decrease of 30.00%. The decrease was primarily due to increase in purchase of tiles from sub-contract manufacturers leading to lower production in own plants ultimately resulting into lower raw material consumption.

**Purchase of Stock-in-Trade**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 64,433.11 | 43,059.39 | 49.64% |

Purchase of Stock-in-Trade for the financial year 2020-21 increased to ₹ 64,433.11 lakhs from ₹ 43,059.39 lakhs in the financial year 2019-20, clocking an increase of 49.64%. This was primarily attributable to increase in stock obtained from sub-contract manufacturers on account of increase in demand.

**Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| (1,684.29) | (218.33) | (671.44)% |

Change in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress for the financial year 2020-21 recorded a decreased to negative ₹ 1,684.29 lakhs from negative ₹ 218.33 lakhs in the financial year 2019-20, representing an overall decrease of 671.44% primarily due to market demand supply scenario.

**Employee benefits expenses**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 9,128.22 | 10,849.41 | (15.86)% |

Our Company incurred ₹ 9,128.22 lakhs of employee benefit expenses in the financial year 2020-21, as compared to ₹ 10,849.41 lakhs in the financial year 2019-20, reflecting a decrease of 15.86%. This was primarily due to cost rationalization across the Company during COVID-19 pandemic. The Company undertook shift from fixed to variable compensation in the sales and marketing department.

**Finance Cost**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 3,493.61 | 4,000.75 | (12.68)% |

Finance costs decreased to ₹ 3,493.61 lakhs in the financial year 2020-21 from ₹ 4,000.75 in the financial year 2019-20, representing a change of 12.68%, majorly due to reduction in debt during the financial year. Further a lower amount of cash credit limit was utilized in comparison to financial year 2019-20. Our debt equity ratio also decreased from 0.65 in the financial year 2019-20 to 0.46 in the financial year 2020-21.

**Depreciation and Amortization expense**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 2,934.82 | 3,077.91 | (4.65)% |

Depreciation for the financial year 2020-21 stood at ₹ 2,934.82 lakhs as compared to ₹ 3,077.91 lakhs in the financial year 2019-20, showing a decrease of 4.65% in the normal course of business operations of the Company.

**Power and Fuel Expense**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 10,635.51 | 13,007.68 | (18.24)% |

The company's power and fuel expenses saw a decrease of 18.24%, amounting to ₹ 2,372.17 lakhs in the financial year 2020-21. This reduction is commensurate to reduction in gas prices in the international market from April 2020 to December 2020 on account of COVID pandemic. Although, gas prices witnessed gradual increase from January 2021. However, due to decrease in our in-house production activity of our Company, power and fuel expense were lower in the financial year 2020-21.

**Other Expense**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 11,667.38 | 13,334.17 | (12.50)% |

Other expenses saw a decrease of 12.50%, from ₹ 13,334.17 Lakhs in the financial year 2019-20 to ₹ 11,667.38 Lakhs in the financial year 2020-21. This decrease pertains to decrease in advertisement expenses, consumption of stores and spares, travelling and conveyance costs, selling and distribution expenses and other manufacturing costs. This decrease in cost was partially offset by increase in freight and forwarding charges and decrease in net foreign exchange loss As far as other expenses related to production activity are concerned, due to lower in-house production during the financial year 2020-21, those expenses registered decline over financial year 2019-20 levels..

**Profit/ (Loss) Before Tax**

***(Amount in Lakhs)***

| 2020-21 | 2019-20 | Variance in % |
|---|---|---|
| 7,519.13 | 5,465.08 | 37.59 % |

The profit before tax witnessed an increase of ₹ 2,054.05 lakhs, or 37.59% in the financial year 2020-21 over financial year 2019-20, led by internal cost reduction and efficiencies achieved by our Company.

**Provision for Tax and Net Profit**

***(Amount in Lakhs)***

| Particulars | 2020-21 | 2019-20 | Variance in % |
|---|---|---|---|
| Taxation Expense | 1,952.07 | 1,113.73 | 75.27% |
| Profit after Tax after Share in profit of Associate & Joint Venture | 5,760.90 | 4,604.58 | 25.11% |

Taxation expenses increased by 75.27% in the financial year 2020-21 due to substantial increase in the profits earned by the Company during the years and due to deferred tax adjustments. Our profit after tax also increased by ₹ 1,156.32 lakhs in the financial year 2020-21, representing a percentage increase of 25.11%.

**COMPARISION OF NINE MONTHS ENDED DECEMBER 31, 2021 WITH NINE MONTHS ENDED DECEMBER 31, 2020**

The current outbreak of COVID-19 pandemic and the preventative or protective actions that governments around the world have taken to counter the effects of the pandemic have resulted in a period of economic downturn and business disruption across the globe.

The Government of India announced a nation-wide lockdown on March 24, 2020 and imposed several restrictions. In view of the nationwide lockdown announced by the Government to control the spread of COVID-19, our business operations were temporarily disrupted from March 24, 2020. Therefore, demand for our products became dependent on and directly affected by factors affecting industries where our products are applied. Our factories were completely shut during the lockdown which was gradually uplifted later during the quarter ended in June 2020. Consequently, our business operations were adversely affected in the first quarter of the FY 2020-21. Since then, we have resumed operations in a phased manner.

Further, second wave of COVID-19 again hit the country in first quarter of FY 2021-22 significantly restricting movement of people affecting our results of operations in the first quarter of 2021-22. In January 2022, the reported cases of COVID-19 have increased and new variants of COVID-19 like Omicron and Delta continue to emerge. However, the factories were not entirely shut during this period and business operations were allowed on following certain Government released mandatory protocols resulting in partial running of factories. Accordingly, the financial results for the nine months ended December 31, 2021 progressed in comparison to nine months ended December 31, 2020.

**Total Revenue:**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 112,589.56 | 85,936.42 | 31.01% |

Our total revenue increased by 31.01% to ₹ 112,589.56 lakhs for nine months ended on December 31, 2021 from ₹ 85,936.42 lakhs for nine months ended on December 31, 2020. This increase was primarily led by significant rebound in projects and retail demand after resumption of business operations at full capacity following ease of restrictions related to COVID-19.

**Revenue from Operations**

*(Amount in Lakhs)*

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 108,537.73 | 85,815.94 | 26.48% |

During the nine months ended on December 31, 2021, the revenue from operations of our company increased to ₹ 108,537.73 lakhs as against ₹ 85,815.94 lakhs in the nine months ended on December 31, 2020 primarily led by healthy demand. The increase was partially on account of increase in prices of products as a result of pass on effect of increased prices of raw materials, key inputs and utilities.

**Other Income**

*(Amount in Lakhs)*

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 4,051.83 | 120.48 | 3,263.07% |

During the nine months ended on December 31, 2021, the other income of our company increased to ₹ 14,051.83 lakhs from ₹ 120.48 lakhs for nine months ended on December 31, 2020, representing an increase of 3,263.07%. This increase was primarily due to sale of equity shares held in Astron Paper and Board Mill Limited registering gain of ₹ 3,800.88 Lakhs.

**Total Expense**

*(Amount in Lakhs)*

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 103,015.41 | 81,028.88 | 27.13% |

The total expenditure for the nine months ended on December 31, 2021 was increased to ₹ 103,015.41 lakhs from ₹ 81,028.88 lakhs in nine months ended on December 31, 2020, representing 27.13% increase. This was led by increase in production and purchase volumes, increase in prices of raw materials, inputs and utilities, among others.
.

**Cost of Materials Consumed**

*(Amount in Lakhs)*

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 20,615.97 | 14,043.86 | 46.80% |

Cost of materials consumed for nine months ended on December 31, 2021 increased to ₹ 20,615.97 lakhs from ₹ 14,043.86 lakhs in nine months ended on December 31, 2020, representing 46.80% increase. This was majorly due to increase in in-house production activity, increase in raw materials and inward freight costs, among others.
.

**Purchase of Stock-in-Trade**

*(Amount in Lakhs)*

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 47,983.30 | 41,856.74 | 14.64% |

Purchase of Stock-in-Trade for nine months ended on December 31, 2021 increased to ₹ 47,983.30 lakhs from ₹ 41,856.74 lakhs in nine months ended on December 31, 2020, clocking an increase of 14.64%. This was due to both increase in purchase prices as well as purchase volume during the period.

**Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| (83.13) | 76.70 | (208.38)% |

Change in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress for nine months ended on December 31, 2021 recorded a decreased to negative ₹ 83.13 lakhs from ₹ 76.70 lakhs for nine months ended on December 31, 2020, representing an overall decrease of 208.38% primarily due to market demand supply scenario.

**Employee benefits expenses**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 8,171.91 | 6,460.12 | 26.50% |

Our Company has incurred ₹ 8,171.91 lakhs of employee benefit expenses for nine months ended on December 31, 2021, as compared to ₹ 6,460.12 lakhs for nine months ended on June December 31, 2020, reflecting an increase of 26.50%. This was mainly due to resumption of offices and factories after the pandemic led lockdowns resulting into employees working at full capacity and also recruitment of new employees.

**Finance Costs**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 1,810.81 | 2,471.09 | (26.72)% |

Finance costs decreased to ₹ 1,810.81 lakhs for nine months ended on December 31, 2021 from ₹ 2,471.09 lakhs for nine months ended on December 31, 2020, representing a change of -26.72%, majorly due to regular repayment of loans and lower utilization of cash credit limits during the period. During the Quarter ended December, 2021, Company repaid its borrowings out of the proceeds received from the earlier Rights Issue resulting into significant reduction of finance costs.

**Depreciation and Amortization expense**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 2,217.69 | 2,204.15 | 0.61% |

Depreciation for nine months ended on December 31, 2021 stood at ₹ 2,217.69 lakhs as compared to ₹ 2,204.15 lakhs for nine months ended on December 31, 2020, showing an increase of 0.61% in the normal course of business operations of the Company.

**Power and Fuel Expense**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 12,287.00 | 6,898.48 | 78.11% |

The company's power and fuel expenses saw an increase of 78.11%, amounting to ₹ 5,388.52 lakhs. The increase was mainly on account of significant increase in gas and fuel prices multiple times during the period apart from increase in production activity.

**Other Expense**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|

| | | |
|---|---|---|
| 10,011.86 | 7,017.74 | 42.67% |

The company's other expenses saw an increase of 42.67%, amounting to ₹ 2,994.12 lakhs on account of resumption of production activity, travel and office activity at full capacity.

**Profit/ (Loss) Before Tax**

***(Amount in Lakhs)***

| Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|
| 9,574.15 | 4,907.54 | 95.10% |

The profit before tax for nine months ended on December 31, 2021 stood at ₹ 9,574.15 lakhs as compared to ₹ 4,907.54 lakhs for nine months ended on December 31, 2020, showing an increase of 95.10%. In addition to increase in business activity and profitability, the increase was mainly on account of gain on sale of shares in Astron Paper and Board Mill Limited of ₹ 3,800.88 lakhs.

**Provision for Tax and Net Profit**

***(Amount in Lakhs)***

| Particulars | Nine months ended on December 31, 2021 | Nine months ended on December 31, 2020 | Variance in % |
|---|---|---|---|
| Taxation Expense | 1,571.90 | 1,243.95 | 26.36% |
| Profit after Tax after Share in profit of Associate & Joint Venture | 8,052.61 | 3,729.20 | 115.93% |

Taxation expenses increase by 26.36% due to increase in the profits earned by the company. Our profit after tax also increased by ₹ 4,323.41lakhs, representing a percentage increase of 115.93% mainly on account of gain on sale of shares in Astron Paper and Board Mill Limited of ₹ 3,800.88 lakhs.

## LIQUIDITY AND CAPITAL RESOURCES

The table below summaries our cash flows from our Audited Consolidated Financial Information for the financial year ended March 31, 2021 and 2020

***(Amount in Lakhs)***

| Particulars | For the year ended March 31 | |
|---|---|---|
| | **2020-21** | **2019-20** |
| Net cash generated from / (used in) operating activities | 7,647.22 | 5,648.74 |
| Net cash generated from / (used in) Investing Activities | (2,565.04) | (4,055.87) |
| Net cash generated from / (used in) from financing activities | (2,061.51) | (3,972.02) |
| Net Increase / (decrease) in Cash & Cash Equivalents | 3,020.67 | (2,379.160) |
| Cash and cash equivalents at the beginning of the year | 391.06 | 2,776.86 |
| Cash and cash equivalents disposed on Account of derecognition of Subsidiary | 0.00 | (6.64) |
| Cash and cash equivalents at the end of the year | 3,411.73 | 391.06 |

**Operating Activities**

**Financial year 2020-21**

Our net cash generated from operating activities was ₹ 7,647.22 lakhs for the financial year 2020-21. Our operating profit before working capital changes was ₹ 13,773.81 lakhs for the financial year 2020-21 which was primarily adjusted for increase in trade receivables by ₹ 4,762.95 lakhs, trade payables by ₹ 1,991.89 lakhs, other financial liabilities by ₹ 138.45 lakhs, Other Current Assets by ₹ 836.05 lakhs, inventories by ₹ 2,755.34 lakhs, other liabilities by ₹ 914.02 lakhs and decrease in financial Assets by ₹ 542.69 lakhs and decrease in provisions by ₹ 6.65 lakhs along with income tax paid of ₹ 1,352.65 lakhs.

**Financial year 2019-20**

Our net cash generated from operating activities was ₹ 5,648.74 lakhs for the financial year 2019-20. Our operating profit before working capital changes was ₹ 12,061.31 lakhs for the financial year 2019-20 which was primarily adjusted for increase in financial assets by ₹ 1,583.11 lakhs, other assets by ₹ 2,212.44 lakhs, and provision by ₹ 133.30 lakhs and decrease in trade receivables by ₹ 1,626.95 lakhs, inventories by ₹ 228.15 lakhs, trade payables by ₹ 1,479.24, other financial liabilities by ₹ 257.18 lakhs, other liabilities by ₹ 1,442.99 lakhs and along with income tax paid of ₹ 1,426.02 lakhs.

**Investing Activities**

**Financial year 2020-21**

Net cash used in investing activities was ₹ 2,565.04 lakhs for the financial year 2020-21. This was primarily on account of purchase of property, plant and equipment including capital work in progress of ₹ 4,062.72 lakhs which was offset by proceeds received from sales of Property, Plant and equipment and including investment of Rs.585.09 Lakhs and further offset by receipt of interest and term deposits of ₹ 912.59 lakhs.

**Financial year 2019-20**

Net cash used in investing activities was ₹ 4,055.87 lakhs for the financial year 2019-20. This was primarily on account of purchase of property, plant and equipment including capital work in progress of ₹ 5,532.19 lakhs along with payments towards term deposits of ₹ 953.72 lakhs. It was offset by proceeds received from sale of property, plant and equipment and investment of ₹ 2,076.37 lakhs and from receipt of interest of ₹ 353.66 lakhs.

**Financing Activities**

**Financial year 2020-21**

Net cash used in financing activities for the financial year 2020-21 was ₹ 2,061.51 lakhs. This was on account of repayment of current borrowings of ₹ 8,351.82 lakhs along with payment of interest, dividend and lease liabilities of ₹ 3,911.17 lakhs. This was partially offset by issue of Preferential Share Warrants of ₹ 5,355.45 lakhs & balance by proceeds received from Non-Current Borrowings of ₹ 4,846.03 lakhs.

**Financial year 2019-20**

Net cash used in financing activities for the financial year 2019-20 was ₹ 3,972.02 lakhs. This was on account of repayment of non-Current borrowings of ₹ 2,058.44 lakhs along with payment of interest, dividend, dividend distribution tax and lease liabilities of ₹ 4,426.15 lakhs. This was offset by issue of Preferential Share Warrants of ₹ 2,115 lakhs & by proceeds received from Current Borrowings of ₹ 397.57 lakhs.

**Financial Indebtedness**

Our consolidated total outstanding secured borrowings from banks & Financial Institutions is bifurcated into following manner for the period mentioned below:

*(Amount in Lakhs)*

| Category of Borrowing | O/s as on December 31, 2021* | O/s as on March 31, 2021 | O/s as on March 31, 2020 |
|---|---|---|---|
| **Long-Term Borrowings** | | | |
| - Non-Current Liability | 6,769.65 | 6,648.04 | 3,842.57 |
| - Current Maturities | 2,017.19 | 3,056.97 | 1,164.97 |
| **Short Term Borrowings** | 8,805.60 | 14,451.79 | 22,803.61 |
| **Grand Total** | **17,592.44** | **24,156.80** | **27,811.15** |

**The numbers are unaudited and have not been part of limited review exercise for the quarter and nine months ended December 31, 2021.*

**Related Party Transactions**

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relate to purchase and sale of products, remuneration, sitting fees, Borrowing, deposits, rent, interest, quality complain, reimbursements, disinvestments, employee benefit expenses, corporate social responsibility, contribution to gratuity fund, Preferential Share Amount Received etc. For further details of such related parties under AS-18, refer chapter titled *"**Financial Statements**"* beginning on page 132 of this Draft Letter of Offer.

**Capital Expenditure**

Our capital expenditures are mainly related to the purchase of property plant and equipment located in India. The primary source of financing for our capital expenditures has been cash generated from our operations and borrowings. For the Financial Year 2021 and the Financial Year 2020, we incurred capital expenditure of ₹ 6,699.15 lakhs and ₹ 9,624.77 lakhs respectively.

**Contingent Liabilities**

The following table sets forth our contingent liabilities and commitments as on December 31, 2021, March 31, 2021 and March 30, 2020 as per consolidated financial statements:

*(Amount in Lakhs)*

| Particulars | As on December 31, 2021 | As on March 31, 2021 | As on March 31, 2020 |
|---|---|---|---|
| **Contingents Liabilities: -** | | | |
| Claims against the Group not acknowledged as debts comprise of | | | |
| i) In respect of Pending Income Tax Demands | 1,890.92 | 1,890.50 | 1,027.04 |
| ii) In respect of Pending Sales Tax Demands | 4,278.70 | 4,336.69 | 1,289.40 |
| iii) In respect of Pending Excise Duty claim by DGFT | - | 167.97 | 167.97 |
| iv) In respect of Pending Excise Duty claim by DGCEI | 2,241.04 | 2,241.04 | 2,241.04 |
| v) In respect of Pending Custom Duty claim by DRI | 473.51 | 473.51 | - |
| vi) In respect of Pending Consumer/Legal Cases | 72.00 | 72.00 | 41.57 |
| vii) Others | 114.23 | 114.23 | 114.23 |
| Bank guarantees for Performance, Earnest Money & Security Deposits | 3,084.43 | 3,273.15 | 3,661.39 |
| Duty on Machinery Imported under EPCG Scheme | 61.60 | 133.28 | 286.01 |
| Corporate Guarantees | 15,303.72 | 14,315.00 | 20,880.00 |
| **Total Contingents Liabilities** | **27,520.15** | **27,017.37** | **29,708.65** |
| | | | |
| **Commitments: -** | | | |
| Letter of Credit Opened with Banks | 1,492.41 | 338.07 | 348.64 |
| **Total Commitments** | **1,492.41** | **338.07** | **348.64** |

The above matters are currently being considered by the tax authorities with various forums and the Group expects the judgement will be in its favour and has therefore, not recognised the provision in relation to these claims. Future cash outflow in respect of above will be determined only on receipt of judgement & decision pending with tax authorities at various forums. The potential undiscounted amount of total payments for taxes that the Group may be required to make if there was an adverse decision related to these disputed demands on regulators as of the date reporting period ends are as stated above.

**Off-Balance Sheet Items**

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

## QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Group's financial liabilities comprise mainly of borrowings, trade, other payables and financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Group's is exposed to Market risk, Credit risk and Liquidity risk. The Board monitors the risk as per risk management policy. Further The Audit Committee has additional oversight in the area of financial risks and controls. For further details of such risk, refer chapter titled *"Financial Statements*" beginning on page 132 of this Draft Letter of Offer.

**Reservations, qualifications and adverse remarks**

There have been no reservations, qualifications and adverse remarks however there are some key audit matters.

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. The same has been addressed in chapter titled *"**Financial Statements**"* beginning on page 132 of this Draft Letter of Offer.

**Significant economic/regulatory changes**

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

While on one hand, our Industry is faced with huge opportunity backed by several macro initiatives such as housing for all, smart cities, infrastructure development, etc., the Industry is faced with multiple challenges such as fluctuating material availability and costs, frequent variation in prices of natural gas with increasing trend, etc. Further, Transportation cost also becomes significant considering the product profile being voluminous.

***Environment, Health & Safety***

Our activities are subject to various environmental laws and regulations which govern, among other matters, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, non-automatic weighing instrument, electronic instruments, and employee health and employee safety. We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations.

We have complied, and will continue to comply, with all applicable environmental and associated laws, rules and regulations. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For further information, see "***Government and Other Statutory Approvals***" beginning on page 240 of this Draft Letter of Offer.

Our manufacturing facility situated at in Dalpur and Idar has been certified to confirm to ISO 9001:2015 and ISO 14001:2015 to certify that Environment Management System of the Company has complied with the Requirements of the standard for the manufacture and supply of all kinds of Vitrified Tiles. We are also a member of Indian Green Building Council.

**Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations**

Other than as described in the section titled "***Risk Factors***" and chapter titled "***Management's Discussion and Analysis of Financial Conditions and Results of Operations***" beginning on pages 20 and 209, respectively, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

**The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

Increase in revenues is by and large linked to increase in sale of units of our existing portfolio of products, introduction of new categories under existing brands and addition to new distribution channels.

**The extent to which the business is seasonal**

Our Company's business is not seasonal in nature.

**Status of any Publicly Announced New Products or Business Segments**

We intimated to stock exchanges on February 11, 2022 in relation to our Proposed Projects. The Net Proceeds of the Issue shall be used inter alia for setting up of the Proposed Projects. The details of the Proposed Projects are disclosed in the chapter titled "*Objects to the Issue*" of this Draft Letter of Offer.

**Competitive Conditions**

We continue to expect competition in our sector from existing and potential competitors to be intense. Our Industry players including us face competition from large fragmented unorganized Indian segment, besides domestic and global organized players including that from China. For further details, kindly refer the chapter titled ***"Our Business"*** beginning on page 102 of this Draft Letter of Offer.

Certain key financial parameters of our Company are compared with the following peer group sample out of companies listed on Indian stock exchanges:

| Name of the Company | CMP | Basic EPS (₹ per share) | Diluted EPS (₹ per share) | P/E ratio | RONW % | NAV (₹ per share) | Face Value (₹ per share) | Revenue from Operations (₹ in Lakhs) |
|---|---|---|---|---|---|---|---|---|
| Asian Granito India Limited | 102.5 | 18.57 | 18.57 | 5.52 | 8.78% | 192.58 | 10 | 1,29,229.94 |
| **Peer Group** | | | | | | | | |
| Kajaria Ceramics Limited | 1,006.40 | 19.37 | 19.37 | 51.96 | 15.98% | 121.54 | 1 | 2,78,090.00 |
| Somany Ceramics Limited | 665.05 | 13.62 | 13.62 | 48.83 | 8.11% | 178.16 | 2 | 1,65,045.21 |
| Orient Bell Limited | 524.15 | 5.36 | 5.32 | 97.79 | 3.08% | 173.66 | 10 | 50,247.62 |
| Exxaro Tiles Limited | 112.95 | 4.54 | 4.54 | 24.88 | 11.19% | 40.54 | 10 | 25,514.49 |

*Source: All the financial information for listed industry peers mentioned above is on a consolidated basis (unless otherwise available only on standalone basis) and is sourced from the filings made with stock exchanges, available on www.bseindia.com for the Financial Year ending March 31, 2021.*

Notes:

1. Current Market Price (CMP) is the closing prices of the respective scripts as on March 15, 2022.
2. P/E ratio is calculated as closing share price on March 15, 2022 / Basic EPS for year ended March 31, 2021.
3. Basic EPS as reported in the annual report of the company for the year ended March 31, 2021.
4. Return on net worth (%) = Net profit after tax / Net worth at the end of the year.
5. Net worth means the aggregate value of the paid-up share capital and reserves and surplus.
6. Net asset value per share (in ₹) = Net worth at the end of the year / Total number of equity shares outstanding at the end of the year.

**Significant developments that may affect our future results of operations**

Material Developments which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months, are disclosed on page 241 of this Draft Letter of Offer.

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND DEFAULTS

*Our Company and our Subsidiaries are subject to various legal proceedings from time to time, mostly arising in the ordinary course of our business.*

*Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Subsidiaries; (ii) material violations of statutory regulations by our Company and/or our Subsidiaries; (iii) economic offences where proceedings have been initiated against our Company and/or our Subsidiaries; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.*

*For the purpose of the point (iv) above, the following outstanding litigations have been considered as material and accordingly, have been disclosed in this chapter: any outstanding civil litigation including tax litigation, involving our Company and/or our Subsidiaries, where the amount involved is such litigation is ₹ 6,259.78 lakhs (being 10% of total revenue or 10% of the total net worth of our Company, whichever is lower, in terms of the Audited Consolidated Financial Statements as of March 31, 2021) ("**Materiality Threshold**") or above.*

*Pre-litigation notices received by our Company and/or our Subsidiaries from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) has not been evaluated for materiality until such time our Company and/or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial forum.*

**A. Proceedings involving issues of moral turpitude or criminal liability on part of our Company and/or our Subsidiaries**

**NIL**

**B. Matter involving material violations of statutory regulations by our Company and/or our Subsidiaries**

**NIL**

**C. Economic offences where proceedings have been initiated against our Company and/or our Subsidiaries**

Directorate of Revenue Intelligence, Ahmedabad ("DRI") has issued Show Cause Notice F. No. DRI/AZU/G1-02/ENO-30(INT-13)/2018 dated 31.12.2020 and 28.01.2021 ("SCNs") under Customs Act, 1962 to our Company alleging evasion of customs duty to the tune of ₹ 4,73,51,270/- by way of undervaluation of import of the Crystallized Glass Panel from China and Rough Marbles from Turkey and Italy in collusion with the suppliers. The SCNs also proposes confiscation of goods involved along with interest and penalty demand. As per the DRI, the actual values of the imported goods are higher than the value declared in the documents submitted with Customs at the time of import and the additional amounts over and above the invoice values were paid through illegal channels to the overseas suppliers, thus, the Company has evaded the payment of appropriate customs duty. Also, during the investigation Shri Mukesh Bhai Patel, Managing Director of our Company was arrested on 28.12.2018, however, a conditional bail was allowed to him on 29.12.2018.

Our Company is strongly contending the matter and has challenged the validity of the aforesaid SCNs issued by DRI before the Hon'ble Gujarat High Court. It is being contended that the DRI cannot fall within the definition of term 'proper officer' and therefore, the impugned SCNs issued under Sections 28 and 124 of the Customs Act are without jurisdiction. In this regard, our Company relied upon the recent judgment of the Hon'ble Apex Court in the case of M/s. Canon India Private Ltd. Vs. Commissioner of Customs dated 09.03.2021 passed in Civil Appeal No. 1827 of 2018 wherein it is held that the officers of DRI would not fall within the domain of proper officer for initiating proceedings under Section 28 of the Customs Act. Hon'ble Gujarat High Court by way of interim order, pleased to grant stay on the SCNs. Moreover, as per Letter No. GEN/ADJ/COMM/134/2021-Adjn-O/o Pr Commr-Cus-Mundra/139 dated 08.04.2021 issued from the Office of Principal Commissioner, Customs House, Mundra it is decided to keep the SCNs pending in light of directions of CBIC vide Instruction No. 4/2021-Customs dated 17.03.2021.

In the hearing on 04.02.2022, it was brought to the notice of Hon'ble Gujarat High Court that the Custom Amendment Bill 2022 has been introduced which will have a bearing on the ongoing matter. Hence, the matter is kept pending to be considered once the relevant amendments are being assessed.

**D. Pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company and/or our Subsidiaries.**

**1. Company**

**(a) Civil Litigation**

There are no civil proceedings involving our Company which involve an amount exceeding the Materiality Threshold.

**(b) Tax Litigation**

There are no tax proceedings involving our Company which involve an amount exceeding the Materiality Threshold.

**2. Our Subsidiaries**

**(a) Civil Litigation**

There are no civil proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold.

**(b) Tax Litigation**

There are no tax proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold.

## GOVERNMENT AND OTHER APPROVALS

Our Company requires various consents, licenses, permissions and approvals from various central and state authorities under various rules and regulations for carrying on its present business activities. We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. Such consents, licenses, permissions and approvals may be required to be renewed periodically and applications for the same are made at the appropriate stage.

Further, our Company is in the process of setting-up the Proposed Projects as mentioned in the section "*Objects of the Issue*". The approvals for setting-up such proposed expansion shall be obtained in a stage-wise manner depending upon the status of development of the said Proposed Projects. For details, refer to page 53 of "*Objects of the Issue"* of this Draft Letter of Offer.

## MATERIAL DEVELOPMENTS

Except as set forth below, no circumstances have arisen since last financial statements date, i.e. from March 31, 2021, which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

1. Our Board at its meeting held on February 04, 2022 approved issuance of fully paid-up equity shares of the Company for an amount not exceeding ₹ 500 Crore by way of a rights issue to the eligible equity shareholders of the Company as on the record date and increased Authorized Capital of the Company from ₹ 65,00,00,000 /- to Rs 127,00,00,000/- and alter Memorandum of Association accordingly;

2. Shareholder at the Extra Ordinary General Meeting held on February 28, 2022 passed an ordinary resolution authorizing the Board of Directors to i) increase the Authorized Capital of the Company from ₹ 65,00,00,000 /- to Rs 127,00,00,000/- and alter Memorandum of Association accordingly; ii) Re-appointment of Mr. Hemendrakumar Chamanlal Shah as an Independent Director.

3. Incorporation of 3 wholly owned subsidiaries namely i) AGL Surfaces Private Limited; ii) AGL Sanitaryware Private Limited; iii) Future Ceramic Private Limited.

4. Increase in transportation and shipping costs:

   There has been sharp increase in the container and shipping freights globally led by multiple factors including lower inward of containers, increase in fuel costs, etc. This has resulted into slowdown in exports from India despite of manufacturers having robust order book.

5. Increase in Fuel Prices:

   Natural Gas prices have witnessed significant hike on the wake of global volatility in the LNG prices, leading to heavy impact on cost structure and end pricing of the tiles. Similarly, prices of coal, used as a fuel in spray drying and allied processes in manufacturing of tiles, have also been going up significantly due to impact on global supplies. This has collectively impacted the manufacturing margins of the ceramic tiles players in recent times.

6. Anti-Dumping Duties:

   U.S. is considering to levy anti-dumping duty on the Quartz Surface Products exported by India and has identified few Companies which has been exporting Quartz Surface Product in which our Company is also one of them. The same is subject to administrative review by U.S Department of Commerce.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE ISSUE

The Issue has been authorised by a resolution of our Board of Directors passed at its meeting held on February 04, 2022, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

Our Board/Rights Issue Committee, in its meeting held on [•] has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at ₹ [•]/- per Equity Share (including a premium of ₹ [•]/- per Equity Share) aggregating up to ₹ [•] Lakhs. The Issue Price is ₹ [•]/- per Equity Share and has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Record Date.

Our Company has received in-principle approvals from NSE and BSE for listing of the Equity Shares to be allotted in this Issue pursuant to their respective letters each dated [•] and [•], respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [•] for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, see ***"Terms of the Issue"*** beginning on page 252.

### PROHIBITION BY SEBI

Except as disclosed below, our Company, our Promoters, members of the Promoter Group or our Director(s) have not been debarred and are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI.

Prior to the incumbent Promoters of the Company acquiring the shares of our Company in September 2002, we were *inter alia* known as Karnavati Fincap Limited. The Company, under its previous promoters and management was engaged in financing activities. In July 1999, Karnavati Fincap Limited and one of its promoters, Mr. Satish Panchariya were, amongst others, found guilty of creating an artificial price rise and a false market in the shares of Magan Industries Finance Limited. Consequently, SEBI issued an order prohibiting Karnavati Fincap Limited from dealing in the securities markets for a period of two years from July 30, 1999 to July 29, 2001.

Our Promoter, Rameshkumar Bhikhalal Patel (DIN 00223892) and a member of Promoter Group, Dimpalben Bhogibhai Patel (DIN 07084678) are disqualified by Registrar of Companies u/s 164(2) of the Companies Act, 2013 to act as director for a period from December 01, 2018 till November 30, 2023 as Aster Biospecialities Chemtecq Private Limited, a company in which the said persons were directors did not file its financial statements or annual return for a period of 3 years.

The companies with which our Promoter or our Directors are associated as promoter or directors are not debarred from accessing the capital market by SEBI.

Neither our Promoter nor our directors are declared as Fugitive Economic Offenders.

### ASSOCIATION OF DIRECTORS WITH SECURITIES MARKET

We confirm that none of our director(s) is associated with the securities market in any manner except for trading on day-to-day basis for the purpose of investment.

### PROHIBITION BY RBI

Neither our Company nor our Promoter or our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

### ELIGIBILITY FOR THIS ISSUE

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III 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 REGULATIONS 61 AND 62 OF THE SEBI ICDR REGULATIONS

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. National Stock Exchange of India Limited ("**NSE**") is the Designated Stock Exchange for the Issue.

## COMPLIANCE WITH CONDITIONS OF FAST TRACK ISSUE

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1) The Equity Shares of our Company have been listed on NSE and BSE since August 23, 2007, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least 3 (three) years immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange;

2) The entire shareholding of the Promoters and members of the Promoter Group is 1,64,56,567 Equity Shares and same are held in dematerialised form as at the date of filing of this Draft Letter of Offer with the Designated Stock Exchange;

3) The average market capitalization of public shareholding of 4,19,28,963 equity shares (as defined under the SEBI ICDR Regulations) is at least ₹ 250.00 crores in at least one of the recognized stock exchanges with nationwide trading terminal, where its securities are listed;

4) The annualized trading turnover of our Equity Shares during 6 (six) calendar months immediately preceding the month of filing of this Draft 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;

5) The annualized delivery-based trading turnover of the equity shares during 6 (six) calendar months immediately preceding the month of filing of this Draft Letter of Offer has been at least 10% of the annualized trading turnover of equity shares during such 6 (six) months' period;

6) Our Company has been in compliance with the equity listing agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as applicable, for a period of at least 3 (three) years immediately preceding the date of filing of the Letter of Offer with the Designated Stock Exchange;

7) The Company has redressed at least 95% of the complaint received from the investors until the end of the quarter immediately preceding the month at the date of filing of this Draft Letter of Offer with the Designated Stock Exchange;

8) No show-cause notices, excluding proceedings for imposition of penalty, have been issued by the Securities and Exchange Board of India ("**SEBI**") and are pending against our Company, its Promoters or whole-time directors.;

9) Our Company or our Promoters or members of the Promoter Group or our Directors has not settled any alleged violation of Securities laws through the settlement mechanism with SEBI during 3 (three) years immediately preceding the date of filing of this Draft Letter of Offer. Hence, no disclosures are required to be made in this Draft Letter of Offer;

10) Our Equity Shares have not been suspended from trading as a disciplinary measure during the last 3 (three) years immediately preceding the date of filing of this Draft Letter of Offer;

11) There is no conflict of interest between Lead Manager and our Company or its Group Companies in accordance with applicable regulations;

12) Our Promoter and members of the Promoter Group has undertaken to subscribe to the full extent of its respective Rights Entitlements and shall not renounce their rights, except to the extent of renunciation within

the Promoter Group, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR. In addition, our Promoter and members of the Promoter Group reserves the right to subscribe to the unsubscribed portion in the Issue, if any, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws.

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

For subscription by our Promoter and members of the Promoter Group and details in relation to compliance with minimum public shareholding norms prescribed under the SCRR, see ***"Capital Structure - Intention and extent of participation by our Promoters and Promoter Group in the Issue"*** on page 50; and

13) There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company in respect of the Financial Year for which such accounts are disclosed in this Draft Letter of Offer.

**COMPLIANCE WITH PART B OF SCHEDULE VI OF THE SEBI ICDR REGULATIONS**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI (ICDR) Regulations as explained below:

1) Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of the Letter of Offer with the Designated Stock Exchange;

2) The reports, statements and information referred to above are available on the websites of NSE and BSE and;

3) Our Company has an investor grievance-handling mechanism which includes meeting of the Shareholders' Relationships 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 the 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 SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ICDR) REGULATIONS, 2018. 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 THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE LETTER OF OFFER, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED [•] 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 RIGHT ISSUE;**

2) **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE ISSUER, 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 THE BOARD 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 THE BOARD, 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, THESE REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3) **BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD 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 THE LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER. NOT APPLICABLE**

6) **ALL APPLICABLE PROVISIONS OF THESE 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 THESE 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 THE BOARD. 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 COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES: COMPLIED WITH; AND**

    b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD. 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 ENTITY IS ELIGIBLE TO LIST ON THE INNOVATOR'S GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THESE REGULATIONS: 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 ISSUER IS ELIGIBLE TO MAKE A FAST-TRACK ISSUE IN TERMS OF (REGULATION 99) OF THESE REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE ISSUER HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER. COMPLIED WITH**

15) **THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THESE REGULATIONS. COMPLIED WITH**

16) **ALL MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER 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 ISSUER. COMPLIED WITH**

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 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 MANAGERS 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 otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our instance of our Company and that anyone placing reliance on any other source of information would be doing so at his or her own risk.

Investors who apply in the Issue will be required to confirm and 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 laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and are replying on independent advice/ evaluation as to their ability and quantum of investment in this Issue.

**CAUTION**

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with 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 of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

**DISCLAIMER IN RESPECT OF JURISDICTION**

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

**DESIGNATED STOCK EXCHANGE**

The Designated Stock Exchange for the purpose of the Issue will be National Stock Exchange of India Limited.

**DISCLAIMER OF THE BSE**

As required, a copy of the Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, is as follows:

**BSE Limited ("the Exchange") has given, vide its letter dated [•] permission to this Company to use the Exchange's name in the Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized the 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 the 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 the 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.**

**DISCLAIMER OF THE NSE**

As required, a copy of the Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, is as follows:

**As required, a copy of the letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter [•] permission to the Issuer to use the Exchange's name in the letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized the letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.**

**It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.**

**Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.**

**SELLING RESTRICTIONS**

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

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders who are (i) within the United States and to U.S. Persons that are U.S. QIBs, pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, that are also QPs in reliance upon section 3(c)(7) of the U.S. Investment Company Act, and (ii) outside the United States and to non-U.S. Persons in offshore transactions in reliance on Regulation S located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer / Letter of Offer/ Abridged Letter of Offer and Application Form or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges.

**This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.**

**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 Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then**

**the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.**

**Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such 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 such 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.**

If the Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in the Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

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

**NOTICE TO INVESTORS IN THE UNITED STATES**

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

**NOTICE TO INVESTORS**

NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT THE ISSUE IN ANY JURISDICTION WHERE ACTION WOULD BE REQUIRED FOR THAT PURPOSE. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND THE LETTER OF OFFER, THE ABRIDGED LETTER OF OFFER OR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE ISSUE MAY NOT BE DISTRIBUTED, IN WHOLE OR IN PART, IN ANY JURISDICTION, EXCEPT IN ACCORDANCE WITH LEGAL REQUIREMENTS APPLICABLE IN SUCH JURISDICTION. RECEIPT OF THE LETTER OF OFFER, ABRIDGED LETTER OF OFFER WILL NOT CONSTITUTE AN OFFER IN THOSE JURISDICTIONS IN WHICH IT WOULD BE ILLEGAL TO MAKE SUCH AN OFFER AND, IN THOSE CIRCUMSTANCES, THE LETTER OF OFFER AND THE ABRIDGED LETTER OF OFFER MUST BE TREATED AS SENT FOR INFORMATION PURPOSES ONLY AND SHOULD NOT BE ACTED UPON FOR SUBSCRIPTION TO THE RIGHTS EQUITY SHARES AND SHOULD NOT BE COPIED OR REDISTRIBUTED. ACCORDINGLY, PERSONS RECEIVING A COPY OF THE LETTER OF OFFER OR THE ABRIDGED LETTER OF OFFER OR APPLICATION FORM SHOULD NOT, IN CONNECTION WITH THE ISSUE OF THE RIGHTS EQUITY SHARES OR THE RIGHTS ENTITLEMENTS, DISTRIBUTE OR SEND THE LETTER OF OFFER OR THE ABRIDGED LETTER OF OFFER TO ANY PERSON OUTSIDE INDIA WHERE TO DO SO, WOULD OR MIGHT CONTRAVENE LOCAL SECURITIES LAWS OR REGULATIONS. IF THE LETTER OF OFFER OR THE ABRIDGED LETTER OF OFFER OR APPLICATION FORM IS RECEIVED BY ANY PERSON IN ANY SUCH JURISDICTION, OR BY THEIR AGENT OR NOMINEE, THEY MUST NOT SEEK TO SUBSCRIBE TO THE RIGHTS EQUITY SHARES OR THE RIGHTS ENTITLEMENTS REFERRED TO IN THE LETTER OF OFFER, THE ABRIDGED LETTER OF OFFER OR THE APPLICATION FORM.

**FILING**

The issue is undertaken under the Fast-Track Scheme and complies to with Regulation 99 of SEBI (ICDR) Regulations, 2018. This Draft Letter of Offer is being filed with the Stock Exchanges as per the provisions of the SEBI ICDR Regulations. Further 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. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of the Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

**INVESTOR GRIEVANCES AND REDRESSAL SYSTEM**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders Relationship Committee which currently comprises of Dr. Indira Nityanandam (Independent and Non-Executive Director), Mr. Kandarp Trivedi (Additional Independent and Non-Executive Director) and Mr. Kamleshbhai Patel (Executive Director (Chairman and Managing Director). The broad terms of reference include reviewing cases for refusal of transfer or transmission of securities, redressal of stakeholders and investor complaints, reference to statutory and regulatory authorities regarding security holder's grievances, ensuring proper and timely attendance and redressal of security holders' queries and grievances, review of measures for effective exercise of voting rights, reviewing of adherence to the service standards adopted by our Company in respect of various services being rendered by the Registrar and share transfer agents, reviewing of the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants, annual reports and statutory notices by the shareholders of our Company. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular bearing reference number CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are generally disposed of within 5 working days from the date of receipt of the complaint.

**Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post Issue related matter. All grievances relating to the ASBA process or the 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 Equity Shares applied for, amount blocked (in case of ASBA process) or amount debited (in case of the 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 the R-WAP process). For details on the ASBA process and R-WAP, see *"Terms of the Issue"* beginning on page 252. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:**

**Registrar to the Issue**

**Link Intime India Private Limited**
C-101, 247 Park, L B S Marg,
Vikhroli (West), Mumbai – 400 083
**Telephone:** +91 (22) 4918 6200
**E-mail Id:** agl.rights2022@linkintime.co.in
**Investor grievance e-mail:** agl.rights2022@linkintime.co.in
**Contact person:** Shanti Gopalkrishnan
**Website:** www.linkintime.co.in
**SEBI registration number:** INR000004058

**Company Secretary and Compliance Officer**

**Dhruti Mahesh Trivedi**
202, Dev Arc, Opposite Iskon Tample,
Ahmedabad, Gujarat-380059, India
**Tel:** 079 – 66125500

**Email:** legal1@aglasiangranito.com

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 (22) 4918 6200.

## SECTION VII: ISSUE 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 the 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 the Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in the Letter of Offer.*

*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 and the relaxation on applications to be made by physical shareholders, are onetime relaxations made available by SEBI in view of the COVID 2019 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 www.linkintime.co.in.*

*Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 ("SEBI – Rights Issue Circular"), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. However, in view of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, relaxation from the strict enforcement of the SEBI –Rights Issue Circular has been provided by SEBI, vide its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 06, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021. As per the said circulars, all eligible shareholders shall be able to apply to this Issue through an optional mechanism (non-cash mode only), in this case being R-WAP in addition to the ASBA facility*

### OVERVIEW

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

### 1. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS:

In accordance with the SEBI ICDR Regulations and the 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, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such 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 such 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 also access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

a) Our Company at www.aglasiangranito.com
b) the Registrar to the Issue at www.linkintime.co.in
c) the Lead Manager i.e., (a) Pantomath Capital Advisors Private Limited www.pantomathgroup.com
d) the Stock Exchanges at www.bseindia.com and www.nseindia.com; and
e) the Registrar's web-based application platform at www.linkintime.co.in ("**R-WAP**")

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.aglasiangranito.com).

**Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

## 2. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

**In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the R-WAP (instituted only for resident Investors in this Issue, in the event the Investors are not able to utilize the ASBA facility for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or using the R-WAP.**

*The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see* ***"Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders"*** *beginning on page* 265.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

(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 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 Relaxation Circular through R-WAP) shall be treated as incomplete and shall be rejected. For details see *"Terms of the Issue - Grounds for Technical Rejection"* on page 262. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see ***"Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"*** beginning on page 257.

- ***Options available to the Eligible Equity Shareholders***

  The Rights Entitlement Letter will clearly indicate the number of 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 Equity Shares to the full extent of its Rights Entitlements; or

  (ii) apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

  (iii) apply for 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 Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or

(v) renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorization to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

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.

*Do's for Investors applying through ASBA:*

a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.

b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

*Don'ts for 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(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

d) Do not submit Application Form using third party ASBA account.

- ***Making of an Application through the Registrar's Web-based Application Platform ("R-WAP") process***

In accordance with the SEBI Relaxation Circulars, a separate web-based application platform, i.e., the R-WAP facility (accessible at www.linkintime.co.in), 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 and R-WAP facility should be utilized only in the event that Investors are not able to utilize the ASBA facility for making an Application despite their best efforts.

At the R-WAP, resident Investors can access and submit the online Application Form in electronic mode using 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.

Set out below is the procedure followed using the R – WAP:

a) 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 Relaxation Circulars.

b) Resident Investors should visit R-WAP (accessible at www.linkintime.co.in) and fill the online Application Form available on R-WAP in electronic mode. Please ensure that you provide correct DP ID, Client ID, PAN and Folio number (for resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) along with all other details sought for while submitting the online Application Form.

**c) Non-resident Investors are not eligible to apply in this Issue through R-WAP.**

d) Investors should ensure that Application process is verified through the e-mail / phone / mobile number or other means as applicable. Post due verification, 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 Equity Shares to be applied for in the Issue. Please note that the Application Money will be determined based on number of Equity Shares applied for.

e) 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 Equity Shares applied for in the Issue.

f) 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.

g) Verification, if any, 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.

h) 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(s).

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, visit the online/ electronic dedicated investor helpdesk (www.linkintime.co.in) or call helpline number (+91 (22) 4918 6200).

**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. OUR COMPANY, THE REGISTRAR AND THE LEAD MANAGER SHALL NOT BE RESPONSIBLE IF THE APPLICATION IS NOT SUCCESSFULLY SUBMITTED OR REJECTED DURING THE BASIS OF ALLOTMENT ON ACCOUNT OF FAILURE TO BE IN COMPLIANCE WITH THE SAME. FOR RISKS ASSOCIATED WITH THE R-WAP PROCESS, SEE *"RISK FACTORS - THE R-WAP FACILITY PROPOSED TO BE USED FOR THIS ISSUE MAY BE EXPOSED TO RISKS, INCLUDING RISKS ASSOCIATED WITH PAYMENT GATEWAYS"* ON PAGE 41.**

*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 Equity Shares (including additional Equity Shares) applied for} X {Application Money of 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 e-mail or confirmation through other applicable means on successful transfer of funds.

e) Ensure you have filled in correct details of PAN, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), 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 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.

- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an

Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application
Form for any purpose including renunciation even if it is received subsequently.

**PLEASE NOTE THAT 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 / her bank, must reach the office of the Designated Branch of the SCSB's before the Issue Closing Date and should contain the following particulars:

1) Name of our Company, being Asian Granito India Limited.

2) Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3) Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

4) Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue.

5) Number of Equity Shares held as on Record Date;

6) Allotment option – only dematerialised form;

7) Number of Equity Shares entitled to;

8) Number of Equity Shares applied for within the Rights Entitlements;

9) Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10) Total number of Equity Shares applied for;

11) Total amount paid at the rate of ₹ [•]/- per Equity Share;

12) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13) In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14) Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15) Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and

order as they appear in the records of the SCSB); and

16) All such Eligible Equity Shareholders 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 US Securities Act of 1933, as amended (the "US Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("Regulation S") to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.*

*I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and 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 hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer.*

*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 acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;

b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

c) The remaining procedure for Application shall be same as set out in ***"Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"*** beginning on page 257.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process or using the R-WAP.

*Application for Additional Equity Shares*

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in ***"Terms of the Issue - Basis of Allotment"*** beginning on page 273.

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares.** Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

*Additional general instructions for Investors in relation to making of an Application*

a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section ***"Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"*** on page 257.

d) 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, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges, 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 Exchanges.

e) Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.

f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be ***"suspended for credit"*** and no Allotment and credit of Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

**g)** Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation *("Demographic Details")* are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, 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) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

k) 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.

l) All communication in connection with Application for the Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

m) Investors are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

q) Do not pay the Application Money in cash, by money order, pay order or postal order.

r) Do not submit multiple Applications.

s) No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

t) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

- ***Grounds for Technical Rejection***

Applications made in this Issue are liable to be rejected on the following grounds:

a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.

d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

f) Account holder not signing the Application or declaration mentioned therein.

g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

s) 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):

Applications by non-resident Investors.

a) Payment from third party bank accounts.

- ***Multiple Applications***

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on R-WAP as well as through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in ***"Capital Structure - Intention and extent of participation by our Promoter and Promoter Group"*** on page 53.

***Last date for Application***

The last date for submission of the duly filled in the Application Form or a plain paper Application is Thursday, [•] i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB 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 the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in ***"Terms of the Issue - Basis of Allotment"*** beginning on page 273.

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 Exchanges, 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 Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

***Withdrawal of Application***

An Investor who has applied in this Issue may withdraw their application at any time during Issue Period by approaching the SCSB where application is submitted or sending the e-mail withdrawal request to agl.rights2022@linkintime.co.in in case of 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.

***Disposal of Application and Application Money***

**No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form 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

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 4 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.

## 3. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.aglasiangranito.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [•]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited 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.

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, 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://linkintime.co.in/EmailReg/Email_Register.html*). Such Eligible Equity Shareholders can make an application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "**[•]**") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority;

or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by **[•]** to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

## 4. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***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.

- ***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 Exchanges or through an off-market transfer.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges ***(the "On Market Renunciation")***; or (b) through an off-market transfer ***(the "Off Market Renunciation")***, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

**The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes,**

**charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

***a) On Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [•] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from **[•]** to **[•]** (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN [•] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

***b) Off Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

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

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [•], 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.

**5. MODE OF PAYMENT**

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) 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 the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalization of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

***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) In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2) Subject to the above, in case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.

3) In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4) Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5) In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6) Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for

applying for additional Equity Shares.

For details of mode of payment in case of Application through R-WAP, see ***"Terms of the Issue - Making of an Application through the Registrar's Web-based Application Platform ("R-WAP") process"*** on page 256.

## 6. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see ***"The Issue"*** beginning on page 45.

- **Fractional Entitlements**

The Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [•] ([•] Equity Shares for every [•] 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 [•] Equity Shares or is not in the multiple of [•] 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 Equity Share if they apply for additional Equity Shares over and above their Rights Entitlements, if any, subject to availability of Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder hold [•] Equity Shares, such Equity Shareholder will be entitled to [•] Equity Share and will also be given a preferential consideration for the Allotment of one additional Equity Share if such Eligible Equity Shareholder has applied for additional Equity Shares, over and above his/her Rights Entitlements, subject to availability of Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [•] Equity Shares shall have 'zero' entitlement for the Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the Allotment of one Equity Share, if such Eligible Equity Shareholders apply for additional Equity Shares, subject to availability of 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 Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Equity Shares to be issued and allotted under this Issue shall rank pari passu with the existing Equity Shares, in all respects including dividends.

- **Listing and trading of the Equity Shares to be issued pursuant to this Issue**

Subject to receipt of the listing and trading approvals, the Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the NSE on [•] and from the BSE on [•]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Equity Shares subsequent to their Allotment.

No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE **(Scrip Code: 532888)** and NSE **(Scrip Code: ASIANTILES)** under the **ISIN: INE022I01019**. The Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company 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 Exchanges, rejecting the application for listing of the 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 Promoter and members of the Promoter Group**

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see ***"Capital Structure - Intention and extent of participation by our Promoter and Promoter Group"*** on page 53.

- **Rights of Holders of Equity Shares of our Company**

Subject to applicable laws, Shareholders who have been Allotted Equity Shares pursuant to the Issue shall have the following rights:

a) The right to receive dividend, if declared;

b) The right to receive surplus on liquidation;

c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

d) The right to free transferability of 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 as disclosed in the Letter of Offer; 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.

## 7. GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Notices***

In accordance with the SEBI ICDR Regulations and the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such 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 such 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 one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Gujarati language daily newspaper with wide circulation (Gujarati being the regional language of Ahmedabad, where our Registered and Corporate Office is situated).

The Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at agl.rights2022@linkintime.co.in. 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 only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company 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 RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at agl.rights2022@linkintime.co.in.

**ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM**

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE **"ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS"** ON PAGE 273.

## 8. ISSUE SCHEDULE

| Event | Indicative Date |
|---|---|
| **Last Date for credit of Rights Entitlements** | [•] |
| **Issue Opening Date** | [•] |
| **Last date for On Market Renunciation of Rights Entitlements #** | [•] |
| **Issue Closing Date*** | [•] |
| **Finalization of Basis of Allotment (on or about)** | [•] |
| **Date of Allotment (on or about)** | [•] |
| **Date of credit (on or about)** | [•] |
| **Date of listing (on or about)** | [•] |

*# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
** Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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

## 9. BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

d) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Equity Shares in this Issue, along with:

a) 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;

b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

c) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

For Applications through R-WAP, instruction will be sent to Escrow Collection Bank(s) with list of Allottees and corresponding amount to be transferred to the Allotment Account(s). Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

## 10. 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, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations (including in respect of Applications made through R-WAP facility) or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

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.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional 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.

**11. 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 RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is 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 Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

e) **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 favour 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.** In accordance with the SEBI Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2021/552dated April 22, 2021, in case of Applications made through the RWAP facility, refunds, if any for un-allotted or partially allotted applications shall be completed on or before T+1 day (T being the date of finalization of Basis of Allotment).

- ***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.

**12. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES**

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- ***Receipt of the Equity Shares in Dematerialized Form***

  PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST 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.

  Investors shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated February 01, 2007 with NSDL and an agreement dated February 02, 2007 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

  **INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

  The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialised form is as under:

a) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of 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.

b) 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.

c) 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.

d) If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Equity Shares and the Application Form will be rejected.

e) The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

f) Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.

g) Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

**13. 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 ₹ 10 lakhs 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 ₹ 10 lakhs or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹ 50 lakhs or with both.

**14. UTILISATION OF ISSUE PROCEEDS**

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have 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.

## 15. 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 Exchanges 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 / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 4 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.

## 16. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1) Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

**2)** All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date 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 ***"Asian Granito India Limited – Rights Issue"*** on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

   **Link Intime India Private Limited**
   C-101, 247 Park, L B S Marg
   Vikhroli (West), Mumbai – 400 083
   **Telephone:** +91 (22) 4918 6200
   **E-mail id**: agl.rights2022@linkintime.co.in
   **Investor grievance e-mail id:** agl.rights2022@linkintime.co.in
   **Contact person:** Shanti Gopalkrishnan
   **Website:** www.linkintime.co.in
   **SEBI registration number:** INR000004058

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 (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91(22) 4918 6200.

This Issue will remain open for a minimum 7 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue.

## RESTRICTION ON PURCHASES AND SALES

### General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Rights Equity Shares in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchange.

The Rights Entitlements and Rights Equity Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Rights Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Rights Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out below:

### United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Draft Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulations under the US Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Draft Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Draft Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Each person outside of the United States by accepting the delivery of this Draft Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/ or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulations.

2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any "directed selling efforts" in the United States (as such term is defined in Regulations).

3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements incompliance with applicable securities and other laws of its jurisdiction of residence.

5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.

7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of the Letter of Offer with SEBI and the Stock Exchange); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests there in, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Draft Letter of Offer under the heading "*Restrictions on Purchases and Resales*".

8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

9. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our

Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Draft Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

11. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Rights Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, nor the Lead Manager or any of their affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

12. The purchaser understands that the Exchange Information and this Draft Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchange or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Draft Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Draft Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S.SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.

13. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company; and (ii) none of the Lead Manager or any of its affiliates has verified such Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.

14. The purchaser will not hold our Company, the Lead Manager or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information.

## SECTION VIII: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10.00 a.m. to 5.00 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date. Additionally, any person intending to inspect the above-mentioned contracts and documents electronically may do so, by writing an email to cs@aglasiangranito.com.

### A. Material Contracts for the Issue

- Issue Agreement dated February 25, 2022 between our Company and the Lead Manager.
- Registrar Agreement dated February 25, 2022 between our Company and the Registrar to the Issue.
- Escrow Agreement dated [•] amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
- Monitoring Agency Agreement dated [•] between our Company and the Monitoring Agency.

### B. Material Documents

- Certified copies of the updated Memorandum of Association and Articles of Association of our Company.
- Certificate of incorporation of our Company and certificate of incorporation consequent upon change in name of our Company.
- Prospectus dated August 08, 2007, in respect of the Initial Public Offer of Equity Shares of face value of ₹ 10/- each by our Company.
- Letter of Offer dated September 04, 2021 in respect of the Rights Issue of Equity Share of face value of ₹ 10/- each by our Company.
- Resolution of our Board dated February 04, 2022 in relation to approval of the Issue and other related matters.
- Resolution passed by our Board/Committee dated [•] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio.
- Consents of our Directors, Company Secretary and Compliance Officer, the Lead Manager, Statutory Auditor, Banker(s) to the Issue, the Registrar to the Issue and the Monitoring Agency for inclusion of their names in the Letter of Offer to act in their respective capacities.
- The Audited Consolidated Financial Statements as on March 31, 2021 and the Unaudited Consolidated December Financial Results for the period ended on December 31, 2021 and the review reports thereon, dated May 31, 2021 and February 11, 2022 respectively.
- Annual Reports of our Company for Fiscal 2021, 2020, 2019, 2018 and 2017.
- Statement of Special Tax Benefits available to our Company and its shareholders and its Material Subsidiaries under the applicable laws in India issued by M/s. R R S & Associates, Chartered Accountants.
- Due diligence certificate dated [•] addressed to SEBI from the Lead Manager.
- In principle approvals each dated [•] and [•] issued by NSE and BSE respectively under Regulation 28(1) of the SEBI Listing Regulations.
- Tripartite Agreement dated February 01, 2007 between our Company, Registrar to the Issue and NSDL.

- Tripartite Agreement dated February 02, 2007 between our Company, Registrar to the Issue and CDSL.

Any of the contracts or documents mentioned in the Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

__________________________________

**Kamleshkumar Bhagubhai Patel**
**Chairman and Managing Director**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Mukeshbhai Jivabhai Patel**
**Managing Director**

**Date:** March 17, 2022

**Place:** Idar, Gujarat

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Sureshbhai Jivabhai Patel**
**Executive Director**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Bhogilal Bhikhabhai Patel**
**Executive Director**

**Date:** March 17, 2022

**Place:** Himatnagar, Gujarat

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Bhaveshkumar Vinodbhai Patel**
**Executive Director**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Kanubhai Bhikhabhai Patel**
**Executive Director**

**Date:** March 17, 2022

**Place:** Gandhi Nagar, Gujarat

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Dipti Atul Mehta**
**Independent Director**

**Date:** March 17, 2022

**Place:** Mumbai

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Mukesh Mahendrabhai Shah**
**Independent Director**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Hemendra Kumar Chamanlal Shah**
**Independent Director**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Indira Nityanandam**
**Independent Director**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

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**Maganlal Joitabhai Prajapati**
**Independent Director**

**Date:** March 17, 2022

**Place:** Idar, Gujarat

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR OF THE COMPANY**

SD/-

**Kandarp Gajendra Trivedi**
**Independent Director**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY**

SD/-

**Amarendra Kumar Gupta**
**Chief Financial Officer**

**Date:** March 17, 2022

**Place:** Ahmedabad

## DECLARATION

I hereby certify that no statement made in this Draft 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 regulations, 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 Draft Letter of Offer are true and correct.

**SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF THE COMPANY**

SD/-

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**Dhruti Mahesh Trivedi**
**Company Secretary and Compliance Officer**

**Date:** March 17, 2022

**Place:** Ahmedabad