**Draft Letter of Offer**
**Dated: July 23, 2022**
***For Eligible Equity Shareholders only***

# TEMBO GLOBAL INDUSTRIES LIMITED

Our Company was originally incorporated as SAKETH EXIM PRIVATE LIMITED at Mumbai, Maharashtra as a Private Limited Company under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated June 16, 2010 bearing registration number 204331 issued by Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of our Company changes to "Saketh Exim Limited" on account of conversion from private company into public company consequent to effect legal status in accordance with Fresh Certificate of Incorporation Consequent Upon Conversion to Public Limited Company dated December 19, 2017 issued by Registrar of Companies, Mumbai. Further, name changed to "Tembo Global Industries Limited" in accordance with fresh certificate of incorporation pursuant to name change dated March 13, 2020 issued by Registrar of Companies, Mumbai. Our Company was listed on Emerge Platform of National Stock Exchange of India Limited on August 13, 2018 vide listing and trading approval from National Stock Exchange of India Limited dated August 13, 2018. Further, our Company migrated to main board of National Stock Exchange of India Limited vide listing and trading approval dated April 23,2021. The Corporate Identification Number is L24100MH2010PLC204331.

**Registered Office: -** Plot No- PAP D- 146/ 147, TTC MIDC, Turbhe, Navi Mumbai-400705**,** India
**Tel No**: +91 22 6723 1000| **Email**: md@tembo.in | **Websites**: www.tembo.in
**Contact Person**: Ms. Tasneem Husain Marfatia, Company Secretary & Compliance Officer

**PROMOTERS OF OUR COMPANY ARE FATEMA KACHWALA, SANJAY PATEL, SMITA PATEL & TARUNA PATEL**

**FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF TEMBO GLOBAL INDUSTRIES LIMITED (OUR "COMPANY" OR THE "ISSUER") ONLY**

**ISSUE OF UPTO [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] EACH INCLUDING A SHARE PREMIUM OF ₹ [●] PER RIGHTS EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ 4500@ LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF ([●]) RIGHTS EQUITY SHARE(S) FOR EVERY ([●]) FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS ₹ [●] WHICH IS ([●]) TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 291 OF THIS DRAFT LETTER OF OFFER.**

@Assuming full subscription

| AMOUNT PAYABLE PER RIGHTS EQUITY SHARE* | FACE VALUE (₹) | PREMIUM (₹) | TOTAL (₹) |
|---|---|---|---|
| On Application | [●] | [●] | [●] |
| **Total** | [●] | [●] | [●] |

* For further details on Payment Schedule, see "Terms of the Issue" on page 291.

## GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and this Issue including the risks involved. The securities being offered in the Issue have not been recommended nor approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer, Specific attention of the investors is invited to "Risk Factors" beginning on page 21 of this Draft Letter of Offer before making an investment in this Issue

## COMPANY'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, and 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 such information or the expression of any such opinions or intentions misleading in any material respect.

## LISTING

The Equity Shares of our Company are listed on National Stock Exchange of India ("NSE") (the "Stock Exchanges"). Our Company has received "In-Principle" approvals from NSE for listing the Rights Equity Shares through their respective letters dated [•]. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is NSE Limited.

| LEAD MANAGER TO THE ISSUE | REGISTRAR TO THE ISSUE |
|---|---|
| **FEDEX SECURITIES PRIVATE LIMITED**<br>B 7, 3rd Floor, Jay Chambers,<br>Dayaldas Road, Vile Parle (East),<br>Mumbai - 400 057, Maharashtra, India<br>**Tel No.:** +91 81049 85249<br>**Fax No.:** 022 2618 6966<br>**E-mail ID:** mb@fedsec.in<br>**Website:** www.fedsec.in<br>**Investor Grievance E-Mail ID:** mb@fedsec.in<br>**Contact Person:** Yash Kadakia<br>**SEBI Registration Number:** INM000010163 | **BIGSHARE SERVICES PRIVATE LIMITED**<br>Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093<br>**Tel. No**: +91-22-62638200/22<br>**E-mail Id:** rightsissue@bigshareonline.com<br>**Website:** www.bigshareonline.com<br>**Contact Person:** Mr. Vijay Surana<br>**SEBI Registration No:** INR000001385 |

## ISSUE PROGRAMME

| | |
|---|---|
| ISSUE OPENS ON: | [●] |
| LAST DATE OF 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 Renouncee(s) on or prior to the Issue Closing Date.*

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

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## SECTION I - GENERAL

## CONVENTIONAL 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 capitalised 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 58 and 100, respectively, shall have the meaning given to such terms in such sections.*

**CONVENTIONAL / GENERAL TERMS**

| TERM | DESCRIPTION |
|---|---|
| TEMBO GLOBAL INDUSTRIES LIMITED, "TEMBO", We or us or Our Company or the Issuer | Unless the context otherwise indicates or implies refers to TEMBO GLOBAL INDUSTRIES LIMITED, a company incorporated as a Public Limited Company under the provisions of the Companies Act, 1956 with its registered office at Plot No- Pap D- 146/ 147, TTC M.I.D.C., Turbhe Navi Mumbai - 400705 |
| AOA / Articles / Articles of Association | The Articles of Association of Tembo Global Industries Limited, as amended from time to time |
| Audited Financial Statements or Financial Statements | The Audited Standalone and Consolidated financial statements of our Company as at and for the year ended 31 March 2021, March 31, 2020 ad March 31, 2019. The Audited Consolidated and Standalone Financial Results year ended March 31, 2022. |
| Auditors / Statutory Auditors | The current statutory auditors of our Company M/s. RA Maru & Associates. |
| Board / Board of Directors / Our Board | The Board of Directors of our Company, including all duly constituted from time to time including any Committees thereof as the context may refer to. |
| Company Secretary and Compliance Officer | The Company Secretary and Compliance Officer of our Company, being Tasneem Husain Marfatia |
| Chief Financial Officer/ CFO | The Chief Financial Officer of our Company, being Mr. Shabbir Huseni Merchant. |
| Director(s) | Director(s) on the board of Tembo Limited as appointed from time to time, unless otherwise specified |
| Equity Shares/Shares | Equity Shares of our Company having face value of ₹ 10.00/- each, fully paid up, unless otherwise specified in the context thereof |
| Equity Shareholders / Shareholders | Persons /entities holding Equity Shares of our Company from time to time |
| Independent Director | Independent directors on the Board and eligible to be appointed as an Independent Director under the provisions of Companies Act and SEBI Listing Regulations. For details of the Independent Directors, please refer to chapter titled "*Our Management*" on page 91 of this Draft Letter of Offer |
| ISIN | International Securities Identification Number is INE869Y01010 |
| Key Management Personnel /KMP | Key management personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act, 2013. For details, please refer "*Our Management*" on page 91 of this Draft Letter of Offer. |

| TERM | DESCRIPTION |
|---|---|
| MoA / Memorandum / Memorandum of Association | The Memorandum of Association of our Company, as amended from time to time. |
| Promoter | Fatema Kachwala, Sanjay Patel, Smita Patel & Taruna Patel |
| Promoter Group | Piyush Patel, Priyanka Patel & Rushil Patel |
| Registered Office | Plot No- Pap D- 146/ 147, TTC M.I.D.C, Turbhe Navi Mumbai – 400705. |
| Roc/Registrar of Companies | Registrar of Companies, Maharashtra, Mumbai |
| Subsidiary | Tembo Global LLC |

**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 |
| Allotment, Allot or Allotted | Allotment of Rights 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 submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue |
| Application Money | Aggregate amount payable in respect of the Equity Shares applied for in the Issue at the Issue Price for the Application |
| Application Supported by Blocked Amount or ASBA | Application used by an ASBA Investor to make an application Authorizing the SCSB to block the Application Money in a the ASBA Account maintained with the 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. |
| ASBA Circulars | Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular |

| Term | Description |
|---|---|
| | bearing reference number CIR/CFD/DIL/1/2011dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 |
| Banker to the Issue Agreement | Agreement dated [●] amongst our Company, the Lead Managers, the Registrar to the Issue and the Banker(s) to the Issue for receipt of the Application Money from Applicants/Investors making an application, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Applicants/Investors and providing such other facilities and services as specified in the agreement |
| Bankers to the Issue | Collectively, the Escrow Collection Bank, the Allotment Account Banks and the Refund Account Bank to the Issue. |
| Basis of Allotment | The basis on which the Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in "*Terms of the Issue*" beginning on page 291. |
| Common Application Form / CAF | The application form used by Investors to make an application for Allotment under the Issue |
| Controlling Branches or Controlling Branches of the SCSBs | Such branches of the SCSBs which co-ordinate with the Lead Managers, 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=yes |
| 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. |
| Draft Letter of Offer | This draft letter of offer dated July 23, 2022 filed with Stock Exchanges. |
| Eligible Shareholder(s) Equity | Holder(s) / Beneficial Owner 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. |
| 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 with whom the Escrow Account will be opened, in this case being,[●]. |
| GBP | Great Britain Pound |
| 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 / Rights Issue | Upto [●] Fully Paid Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of ₹ 4500.00 lakhs *(assuming full subscription)* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] ([●]) Rights Equity Shares for every [●] ([●]) Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date i.e. [●]. |
| Issue Agreement | Agreement dated July 19, 2022 entered into between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue |
| Issue Closing Date | [•] |
| Issue Opening Date | [•] |

| Term | Description |
|---|---|
| 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 payable |
| Issue Proceeds or Gross Proceeds | Gross proceeds of the Issue |
| Issue Size | Amount not exceeding ₹ 4500.00 lakhs *(assuming full subscription)* |
| Lead Manager | Fedex Securities Private Limited (Formerly known as Fedex Securities Limited) |
| 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 terms of the SEBI Listing Regulations |
| Multiple Application Forms | Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application |
| Net Proceeds | Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" beginning on page 53 of this Draft Letter of Offer. |
| NRI(s) | An individual resident outside India who is a citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, and shall have the meaning ascribed to such term in the FEMA Regulations |
| Non –Institutional Investor(s) | An Investor other than a Retail Individual Investor and a Qualified Institutional Buyer |
| 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 |
| Record Date | Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply for Equity Shares, being [•]. |
| Refund Account Bank | The Banker to the Issue with whom the refund account will be opened, in this case being [•] |
| Registrar to the Issue or Registrar | Bigshare Services Private Limited |
| Registrar Agreement | Agreement dated July 19, 2022 between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue |
| Renouncee(s) | Any person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders |
| Renunciation Period | The period during which the Investor scan renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such |

| Term | Description |
|---|---|
| | 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) / RE's | Number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [•] Equity Shares for every[•] 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 on the website of our Company |
| 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 *website of SEBI and / or such other website(s) as may be prescribed by SEBI from time to time.* |
| Stock Exchange | Stock exchange where the Equity Shares are presently listed, being BSE Limited and National Stock Exchange of India Limited |
| 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 | Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI |
| Working Day(s) | In terms of Regulation 2 (1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai 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 Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI. |

**INDUSTRY RELATED TERMS**

| Term | Description |
|---|---|
| ASEAN | Association of Southeast Asian Nations |
| BCG | Boston Consulting Group |
| CAGR or Compound Annual Growth Rate CAGR | Compound annual growth rate, or CAGR, is the mean annual growth rate of an investment over a specified period of time longer than one year. It represents one of the most accurate ways to calculate and determine returns for individual assets, investment portfolios, and anything that can rise or fall in value over time |
| CFPI | Consumer Food Price Index (CFPI) is a measure of change in retail prices of food products consumed by a defined population group in a given area with reference to a base year |

| Term | Description |
|---|---|
| CPI | The Consumer Price Index (CPI) measures the monthly change in prices paid by U.S. consumers. The U.S. Bureau of Labor Statistics (BLS) calculates the CPI as a weighted average of prices for a basket of goods and services representative of aggregate U.S. consumer spending. |
| DPIIT | The Department for Promotion of Industry and Internal Trade (DPIIT) is a central government department under the Ministry of Commerce and Industry in India. It is responsible for formulation and implementation of promotional and developmental measures for growth of the industrial sector, keeping in view the national priorities and socio-economic objectives. While individual administrative ministries look after the production, distribution, development and planning aspects of specific industries allocated to them, DPIIT is responsible for the overall industrial policy. It is also responsible for facilitating and increasing the foreign direct investment (FDI) flows to the country. |
| EU | European Union |
| FDI | Foreign Direct Investment |
| FPI | Foreign portfolio investment (FPI) consists of securities and other financial assets held by investors in another country. It does not provide the investor with direct ownership of a company's assets and is relatively liquid depending on the volatility of the market. Along with foreign direct investment (FDI), FPI is one of the common ways to invest in an overseas economy. |
| GDP or Gross Domestic Product | GDP is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health. |
| GVA | Gross value added (GVA) is defined as output (at basic prices) minus intermediate consumption (at purchaser prices); it is the balancing item of the national accounts' production account. GVA can be broken down by industry and institutional sector. |
| HEPC | Handloom Export Promotion Council |
| HMA Or Handloom Marketing Assistance | The objective of the handloom marketing assistance is to develop and promote the marketing channels in domestic as well as export market and bring about linkage between the two in a holistic and integrated manner. |
| IH2A | India Hydrogen Alliance is an industry-led coalition formed by global energy and industrial majors focussed on commercializing hydrogen technologies and systems to build net-zero carbon pathways in India. |
| ISA or Indian Steel Association (ISA) | Indian Steel Association represents all the major Public Sector and Private Sector Steel Enterprises of India. |
| IIP or India's Index of Industrial Production | IP is an index that tracks manufacturing activity in different sectors of an economy. |
| ICIL | Indo Count Industries Ltd |
| MMF or Man Made Fabrics | A type of fabric that is made artificially, such as polyester or rayon, rather than occurring naturally, like cotton or wool. |
| MSP or Minimum Support Price | The MSP is the rate at which the government purchases crops from farmers, and is based on a calculation of at least one-and-a-half times the cost of production incurred by the farmers. MSP is a "minimum price" for any crop that the government considers as remunerative for farmers and hence deserving of "support" |
| NCL | National Chemical Lab |

| Term | Description |
|---|---|
| NHDP | The National Handloom Development Programme (NHDP) is an attempt to facilitate the sustainable development of handloom weavers located in and outside identified handloom clusters into a cohesive, self-managing and competitive socio- economic unit. |
| PLI | Production-linked incentive |
| PV or Polyster Viscose | Polyester is a synthetic fiber, whereas viscose is semi-synthetic, i.e. using natural fibers but chemicals in the process. |
| RMG | Ready Made Garment |
| SDI or Scottish Development International | Scottish Development International is the international arm of the Scottish Government and Scotland's enterprise agencies, Scottish Enterprise and Highlands and Islands Enterprise |
| USD | United States Dollar |
| WTO or World Trade Organisation | The World Trade Organization is an intergovernmental organization that regulates and facilitates international trade. Governments use the organization to establish, revise, and enforce the rules that govern international trade |

**ABBREVIATIONS**

| Term | 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 loans which are treated as investments under Ind AS, but considered as loans by our Company |
| AIF(s) | Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| CAGR | Compound annual growth rate |
| CDSL | Central Depository Services (India) Limited |
| CIN | Corporate identification number |
| 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 |
| CRAR | Capital adequacy ratio/Capital to risk assets ratio |
| CrPC | Code of Criminal Procedure, 1973 |
| Depositories Act | Depositories Act, 1996 |
| 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 |
| EPS | Earnings per Equity Share |
| FCNR Account | Foreign currency non-resident account |
| FDI Circular 2020 | Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India |

| Term | Description |
|---|---|
| FEMA | Foreign Exchange Management Act, 1999, together with rules and regulations thereunder |
| FEMA Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| Financial Year, Fiscal Year 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 |
| FVCI | Foreign venture capital investors as defined under and registered with SEBI pursuant to the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations,2000 registered with SEBI |
| 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 |
| 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 |
| ITAT | Income Tax Appellate Tribunal |
| LTV | Loan to value ratio |
| MCA | Ministry of Corporate Affairs |
| Mutual Fund | Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations,1996 |
| Net Asset Value per Equity Share or NAV per Equity Share | Net Worth/ Number of Equity shares subscribed and fully paid outstanding as at March 31 |
| Net Worth | Aggregate of Equity Share capital and other equity |
| NBFC | Non-banking financial companies |
| NRE Account | Non-resident external account |
| NRI | A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016 |
| NRO Account | Non-resident ordinary account |
| NSDL | National Securities Depository 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 overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission 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 |

| Term | Description |
|---|---|
| RBI Act | Reserve Bank of India Act, 1934 |
| Regulation S | Regulation S under the U.S. Securities Act |
| RoC | Registrar of Companies, Mumbai |
| 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 AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 |
| 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 |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| Stock Exchanges | National Stock Exchange of India Limited and BSE Limited |
| STT | Securities transaction tax |
| Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| U.S.$, USD or U.S. dollar | United States Dollar, the legal currency of the United States of America |
| U.S. Investment Company Act | 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 or benefit 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 United States | 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 |
| VCF | Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be |

**NOTICE TO INVESTOR**

The distribution of this Draft Letter of Offer, the Letter of Offer, Abridged Letter of Offer and the application form and the issue of the Rights Entitlement and the Rights Equity Shares to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions.

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

Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Managers, the Stock Exchanges.

Our Company, the Lead Managers, and the Registrar will not be liable for non-receipt of 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.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlement and the 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 offering materials or advertisements in connection with the Issue may not be distributed, whole or in part, in or into in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft 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 authorized or to any person to whom it is un lawful to make such an offer, invitation or solicitation. In those circumstances, this Draft 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 subscription to Equity Shares 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 or the Application Form or the Rights Entitlement Letter 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 Managers 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 subscribe to the Equity Shares or 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 and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorized to acquire the rights and 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 CAF. Neither the delivery 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 at any time subsequent to the date of the Letter of Offer or the date of such information.

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB in the United States who is also a QP) 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; or(iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.

Neither the receipt of the Letter of Offer nor any sale of Equity Shares 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 or the date of such information.

**THE CONTENTS OF THE LETTER OF OFFERS SHOULD NOT BE CONSTRUED AS LEGAL, TAX, BUSINESS, FINANCIAL OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. AS A RESULT, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR ASTO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF THE EQUITY SHARES OR RIGHTS ENTITLEMENTS. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGERS OR ITS AFFILIATES ARE MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS ENTITLEMENTS OR 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 United States securities act of 1933, as amended (the "US Securities Act"), or any U.S. State securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "United States" or "U.S."), except in a transaction exempt from the registration requirements of the securities act. The rights entitlements and the rights equity shares referred to in the Letter of Offer are being offered in India, but not in the United States. The offering to which this draft letter of offer relates is not, and under no circumstances is to be construed as, an offering of any rights equity shares or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, this draft letter of offer should not be forwarded to or transmitted in or into the United States at any time. Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America. Envelopes containing an application form should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer, the Abridged Letter of Offer and Application form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States of America (ii) does not have a registered address (and is not otherwise located) in the United States when the buy order is made and (iii) it is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable law, rules and

regulations. Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application form headed "Overseas Shareholders "to the effect that the person accepting and/or renouncing the CAF does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; or (iii) where our Company believes that the CAF is incomplete or the acceptance of such CAF may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such CAF. Rights Entitlement may not be transferred or sold to any person in the United States of America.

**NOTICE TO THE INVESTOR**

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

## FORWARD-LOOKING STATEMENTS

This Draft Letter of Offer contains certain "forward-looking statements". These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "propose", "project", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

All statements contained in the Draft Letter of Offer that are not statements of historical facts constitute *"forward-looking statements"*. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in the Draft Letter of Offer regarding matters that are not historical facts. These forward-looking statements and any other projections contained in the Draft Letter of Offer (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties 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 actual results to differ materially from our expectations include but are not limited to:

- Impact of epidemics and pandemics with respect to recent example of COVID-19 on our business and operations;
- General economic and business conditions in the markets in which we operate and in the local, Regional, National and International economies;
- Competition from existing and new entities may adversely affect our revenues and profitability;
- Political instability or changes in the Government(s) could adversely affect economic conditions in India and consequently our business may get affected to some extent.
- Our business and financial performance is particularly based on market demand and supply of our products;
- The performance of our business may be adversely affected by changes in, or regulatory policies of, the Indian National, State and Local Governments;
- Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on our business and investment returns;
- Changes in Government Policies and political situation in India may have an adverse impact on the business and operations of our Company;
- The occurrence of natural or man-made disasters could adversely affect our results of operations and financial condition.

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 21 and 72, 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 such forward-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 Managers 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 Company are expressly qualified in their entirety by reference to these cautionary statements.

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### CERTAIN CONVENTIONS

In this Draft Letter of Offer, unless the context otherwise indicates or implies, references to 'TEMBO GLOBAL INDUSTRIES LIMITED', the 'Company', 'our Company', the 'Issuer' are to TEMBO GLOBAL INDUSTRIES LIMITED, and references to 'we', 'our' or 'us' are to TEMBO GLOBAL INDUSTRIES LIMITED.

In this Draft Letter of Offer, references to the '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 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, central or state, as applicable.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. Our Company has presented certain numerical information in this Draft Letter of Offer in "crore", "million" and "lakh" units. One crore represents 1,00,00,000. One lakh represents 1,00,000. One million is 10 lakhs.

### FINANCIAL DATA

Unless stated otherwise and unless context requires otherwise, the financial data in this Draft Letter of Offer is derived from the Financial Statements. Our Fiscal commences on April 1 and ends on March 31 of the following calendar year. For details, see "*Financial Statements*" on page 100.

We have prepared our Financial Statements for the financial year 2020-21, 2019-20 and 2018-19 in accordance with Indian GAAP and Financial results for financial year 2021-22. Our Company publishes its financial statements in Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

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

### MARKET AND INDUSTRY DATA

Aside from the above, unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information contained in such publication has been obtained from sources believed to be reliable but that the accuracy and completeness of that information are not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by us or the Lead Managers, and neither our Company nor the Lead Managers make any representation as to the accuracy of that information.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors – Industry information included in this Draft Letter of Offer has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third party statistical, financial and other industry information is either complete or accurate*." on page 21. Accordingly, Investors should not place undue reliance on this information.

### Non-GAAP measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Net Worth, return on Net Worth, Net Asset Value per Equity Share, ratio of non-current liabilities-borrowings (including current maturities of long-term borrowings) / total equity, ratio of Total Borrowings / total equity and earnings before interest, tax, depreciation and amortization have been included in this Draft Letter of Offer. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and

therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

**Currency of Presentation**

Unless otherwise specified or the context otherwise requires, all references to:

• 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India; and

• 'US$', 'USD', '$' and 'U.S. Dollars' are to the legal currency of the United States of America.

The following table provides information with respect to the exchange rate for the Indian rupee per US$1.00. The exchange rates are based on the reference rates released by Foreign Benchmark India Private Limited which is available on their website. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

| Currency | As on March 31, 2022 | As on March 31, 2021 | As on March 31, 2020 |
|---|---|---|---|
| 01 US $ | ₹ 75.81 | ₹ 73.50 | ₹ 75.39 |

Source: *www.fbil.org.in*

*Note: In the event that any of the abovementioned dates of any of the respective financial years is a public holiday, the previous calendar day not being a public holiday has been considered.*

## 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 the sections, "*Objects of the Issue*", "*Outstanding Litigation and Defaults*", "*Our Business*" and "*Risk Factors*" on pages 53, 281, 72 and 21 respectively.

### SUMMARY OF BUSINESS

Our Company is engaged in jobbing, machining, manufacturing and fabrication of various steel / metal products which are meant for its application in Pipe Support Systems, HVAC Systems, Antivibration System and Equipments for Industrial, Commercial, Utility and OEM Installations. We manufacture various engineering products, metal and base metal products like G. I. nuts, various types of bolts, clamps, hangers etc.

Further our Product Portfolio includes all types of bathroom pipes, fittings, bathroom accessories and sanitary wares. Our Company also deals and trade in silk, art silk, synthetic, woolen and cotton fabrics and other fibrous products including dressing and furnishing materials, knitted, hosiery, yarn and sewing thread and also carry on the business of packing, grading, crimping, twisting, texturing, bleaching dyeing, printing, mercerizing or otherwise processing yarn, cloth, carpets, blankets and other textile goods, whether made from cotton, jute, wool, silk, art silk, synthetic and other fibers or blends thereof.

### INDUSTRY OVERVIEW

The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. India's engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy. The Indian machine tool production and consumption were estimated at Rs. 6,602 crore (US$ 879.38 million) and Rs. 12,036 crore (US$ 1.6 billion) respectively, in FY21. In 2021, between April and December, India exported engineering goods worth US$ 81.8 billion compared with the US$ 52.9 billion recorded in the same period in 2020. In December 2021, exports of engineering goods from India stood at US$ 9.7 billion, a 37% YoY growth. India exports engineering goods mostly to US and Europe, which account for over 60% of the total export. Engineering exports were recorded at US$ 75.90 billion in April (FY20) and reached US$ 60.25 billion in January (FY21).

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries. India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country. Exports of textiles (RMG of all textiles, cotton yarns/fabs/made-ups/handloom products, man-made yarns/fabs/made-ups, handicrafts excluding handmade carpets, carpets and jute mfg. including floor coverings) stood at US$ 29.8 billion between April-December 2021. The Indian textiles market is expected to be worth more than US$ 209 billion by 2029. India is the world's largest producer of cotton. Production stood at 360.13 lakh bales for the crop year October 2021-September 2022. Domestic consumption for the 2021-22 crop year is estimated to be at 335 lakh bales. Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while that for yarn, the production stood at 4,762 million kgs during same period. India's home textile exports grew at a healthy rate of 9% in FY21 despite the pandemic. In the year 2020-21, 1.13 million tonnes of cotton yarn were exported from India.

### OBJECTS OF THE ISSUE

To raise funds for working capital requirement, repayment of outstanding loan and general corporate purpose.

The Net Proceeds are proposed to be used in accordance with the details set forth below:

| Sr.No | Objects – Description | Amount (Rs .in Lakhs) |
|---|---|---|
| 1. | Working Capital # | [●] |
| 2. | Repayment of Outstanding Borrowings | 866.00 |
| 3. | General Corporate Purposes #* | [●] |
| | **TOTAL** | |

**The amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.*

*# It will be disclosed in the Letter of Offer. Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio*

For further details, see "*Objects of the Issue*" beginning on page 53.

**INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTER**

Pursuant to the letter dated June 11, 2022, our Promoter and Promoter group, has undertaken that they will

a. *they would subscribe, jointly and / or severally only to the extent of upto ₹ 500.00 Lakhs;*
b. *they would not subscribe to the 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 in accordance with Regulation 10(4)(b) and other applicable provisions of the SEBI Takeover Regulations; and*
c. *they may renounce their rights entitlement*

The aforementioned subscription of Rights Equity Shares and Additional Equity Shares by our Promoter shall not result in a change of control of the management of our Company and shall not result in an obligation on our Promoter to make an open offer to the public shareholders of our Company in terms of the SEBI Takeover Regulations. Further, as on the date of this Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable laws, pursuant to this Issue.

**SUMMARY OF OUTSTANDING LITIGATION AND DEFAULTS**

A summary of material outstanding legal proceedings involving our Company, our Subsidiaries, our Directors and our Promoters identified in accordance with the SEBI ICDR Regulations as on the date of this Draft Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is provided below.

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or regulatory proceedings | Material Civil Litigations | Aggregate amount involved in Rs |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **By the Company** | - | 1 | 3 | - | Amount involved: Rs 58,93,750 (11250*3 + 58,60,000)<br>Current status: Payment made for condonation of CHG 4 and Appeal filed by the Company on January 25, 2018 before the commissioner of Income Tax appeals. Hearing date is awaited |
| **Against the company** | - | 4 | - | - | Amount involved: Rs 8,995.38 (TDS default) |
| **Directors** | - | - | - | - | - |

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or regulatory proceedings | Material Civil Litigations | Aggregate amount involved in Rs |
|---|---|---|---|---|---|
| **By the directors** | - | - | - | - | - |
| **Against the directors** | - | - | - | - | - |
| **Promoters** | - | - | - | - | - |
| **By the promoters** | - | - | - | - | - |
| **Against the promoters** | - | 1 | - | - | Amount involved: Rs 87,100 and interest of Rs 3484 Current status: proceedings submitted for Adjustments U/s 143(1)(a), Assessment Year 2019-20 |
| **against our promoters companies/LLP** | - | - | - | - | - |
| **Other tax Proceedings** | - | - | - | - | - |
| **Disciplinary action in the last five Fiscals** | - | - | 1 | - | Aggregate amount Rs 70,800 Current status: The Company is in process of making payment within stipulated period of time as mentioned in the said notice. |

**RISK FACTORS**

Specific attention of the Investors is invited to the section "*Risk Factors*" on page 21 of this Draft Letter of Offer. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

**CONTINGENT LIABILITIES OF OUR COMPANY**

For details of the contingent liabilities for the period ended March 31, 2022, March 31, 2021, March 31, 2020 and March 31, 2019, see "*Financial Statements*" on page 100.

**RELATED PARTY TRANSACTIONS**

For details of the Related Party Transactions for the period ended March 31, 2022, March 31, 2021, March 31, 2020 and March 31, 2019, see "*Financial Statements*" on page 100 of this Draft Letter of Offer.

**ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR**

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Draft Letter of Offer.

## SECTION II – RISK FACTOR

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of *the following risk factors and all other information set forth in this 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 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 customers. 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.*

*The following risk factors have been determined by our Board of Directors on the basis of their materiality. In accordance with Clause (VI) in Part B of Schedule VI of the SEBI ICDR Regulations, the following factors have been considered for determining the materiality:*

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

*Materiality:*

*The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:*
*• Some events may not be material individually but may be found material collectively;*
*• Some events may have material impact qualitatively instead of quantitatively; and*
*• Some events may not be material at present but may have a material impact in future.*

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

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

### INTERNAL RISK FACTORS

**1. We are highly dependent on our suppliers for uninterrupted supply of raw-materials. We have not entered into any long-term supply agreement for the major raw materials required for manufacturing of our products. Also volatility in the prices and non-availability of these raw materials may have an adverse impact in our business prospects, results of operations and financial condition.**

We were dependent 26% and 28% on our top 10 supplier as on March 31, 2022 and March 31, 2021 respectively for supply of our prime raw material for our products such as M.S. Strips, M.S. Rods, Alloy steel, stainless steel and other hardware items and metal articles. We procure our supply of raw materials from

various vendors in the market. We have not entered into any long-term supply agreement for supply of major raw materials. Currently, we have been able to secure timely supply of required raw material for our existing activity. Raw material is easily available in the domestic market and no difficulty is envisaged in sourcing of the raw material. In case of any disruption in supply of raw materials from these suppliers or our procurement of raw materials in terms are not favorable to us; it will adversely affect our operations and financial cost. Further in case our Company is unable to procure the requisite quantities of raw materials well in time and at competitive prices due to volatility in the prices of raw materials, the performance of our Company may be affected, thus adversely affecting our business, prospects, results of operations and financial condition.

2. **We rely significantly on our agent networking in open market for local and export sale of our products.**
We sell our products in open market through our network of distributors and agents as well as through Direct Marketing. Our products are marketed through a wide network of distribution channel within Middle East countries and USA, UK, Australia, Shri-Lanka etc. The Company is dependent on them for marketing and distribution. Accordingly, any shortcomings in the performance would impact the revenues and profitability of the Company. Further, as a means of direct marketing, we also conduct exhibition of our products in foreign countries. However, significant proportion of the sale is done through our agents in foreign countries. Furthermore, our business growth depends on our ability to attract additional distributorships to our network. While, we believe that we have good relations with our distributors and agents but there is no assurance that our current distributors will continue to do business with us. If we do not succeed in maintaining the stability of our distributorship network, our market share may decline materially affecting our results of operations and financial condition.

3. **Our agreements with lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.**
Our Company has entered into agreements for our borrowings with certain lenders. These borrowings include secured fund based and non-fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying secured loan and unsecured loans, undertake guarantee obligations, which require our Company to obtain prior approval of the lenders for any of the above activities. We have not received consent from the relevant lenders for no objection certificate to alter the capital structure of our Company which will undergo change subsequent to the issue of Equity Shares under the Issue. Undertaking the Issue without such consents constitutes a breach of covenant under the relevant financing documents, which entitles the respective lender to consider this Issue as an event of default under the loan agreements and they may call up the entire outstanding amount and make it payable forthwith at their discretion. We cannot provide any assurance that our lenders will not enforce their rights relating to our breach of financial covenants, or grant us waivers with respect to any such breaches. The occurrence of any of the events mentioned above can adversely affect our business, results of operations and financial condition.

4. **We have reported negative cash flows.**

The detailed break up of cash flows is summarized in below mentioned table and our Company has reported negative cash flow in certain financial years and which could affect our business and growth:

*(₹ In Lakhs)*

| Particulars | March 31, 2022 (Consolidated) | March 31, 2021 (Consolidated) | March 31, 2020 (Consolidated) | March 31, 2019 (Standalone) |
|---|---|---|---|---|
| **Net Cash Flows from Operating Activities** | 544.34 | (300.99) | (47.27) | (491.66) |
| **Net Cash Flows from Investing Activities** | (513.05) | (1206.60) | (294.55) | (174.34) |
| **Net Cash Flows from Financing Activities** | 158.72 | 1597.91 | 436.79 | (291.54) |

**5. Our Company, some of our Directors, our Promoters, our Subsidiaries and certain Group Companies are involved in legal and other proceedings.**

As on the date of this Letter of Offer, our Company and Directors, are involved in certain proceedings pending before various courts, tribunals and authorities in India. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable. We cannot provide any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company. We cannot assure you that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred on account of third parties, regardless of whether we are at fault.

A summary of the pending proceedings involving our Company, our Promoter and our Subsidiaries is as follows:

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or regulatory proceedings | Material Civil Litigations | Aggregate amount involved in Rs |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **By the Company** | - | 1 | 3 | - | Amount involved: Rs 58,93,750 (11250*3 + 58,60,000) Current status: Payment made for condonation of CHG 4 and Appeal filed by the Company on January 25, 2018 before the commissioner of Income Tax appeals.Hearing date is awaited |
| **Against the Company** | - | 4 | - | - | Amount involved: Rs 8,995.38 (TDS default) |
| **Directors** | - | - | - | - | - |
| **By the directors** | - | - | - | - | - |
| **Against the directors** | - | - | - | - | - |
| **Promoters** | - | - | - | - | - |
| **By the promoters** | - | - | - | - | - |
| **Against the promoters** | - | 2 | - | - | Amount involved: Rs 87,100 and interest of Rs 3484 Current status: proceedings submitted for Adjustments U/s 143(1)(a), Assessment Year 2019-20 |
| **against our promoters companies/LLP** | - | - | - | - | - |
| **Other tax Proceedings** | - | - | - | - | - |

| Name of Entity | Criminal Proceedings | Tax Proceedings | Statutory or regulatory proceedings | Material Civil Litigations | Aggregate amount involved in Rs |
|---|---|---|---|---|---|
| **Disciplinary action in the last five Fiscals** | - | - | 1 | - | Aggregate amount Rs 70,800 Current status: The Company is in process of making payment within stipulated period of time as mentioned in the said notice. |

For further details, see '*Outstanding Litigation and Defaults*' on page 281.

6. **The COVID-19 pandemic and resulting deterioration of general economic conditions has impacted our business and results of operations in the past and the extent to which it will impact our future business and results of operations will depend on future developments, which are difficult to predict.**

Since first being reported in December 2019, the outbreak of COVID-19 has spread globally. The World Health Organization declared the novel coronavirus disease ("**COVID-19**") outbreak a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020. The rapid and diffused spread of COVID-19 and global health concerns relating to this pandemic have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition, including liquidity and growth. The extent to which the COVID-19 outbreak impacts our business, cash flows, results of operations and financial condition will depend on future developments, including on the duration and severity of the pandemic, the nature and scope of government actions to contain it, and the potential impact on global and national economic conditions, including inflation, interest rates, availability of capital markets, consumer spending rates, energy availability and costs (including fuel surcharges), which are highly uncertain and cannot be predicted. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause unprecedented economic disruption in India and in the rest of the world.
The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and are likely to be severe. In addition, while the Government of India in coordination with the state governments have started the bulk immunization process or vaccination drive since January 16, 2021, such vaccination drive has currently immunized more than 90 Crores density of population.

On March 14, 2020, India declared COVID-19 as a 'notified disaster' and imposed a nationwide lockdown announced on March 24, 2020. Subsequently, progressive relaxations have been granted for movement of goods and people and cautious re-opening of businesses and offices. However, since manufacturing of steel was determined to be an essential commodity, we continued operations at our manufacturing plant, in a phased manner in accordance with the specific directions/ guidelines issued by the State Government. Further, our manufacturing plants are currently operating subject to certain social distancing and additional safety measures, such as, regular temperature checks, regular sanitization, and compulsory use of masks and hand sanitization. The COVID-19 pandemic resulted in some disruptions in the supply of raw materials from our domestic and international suppliers during the months of March, April and May 2020. We also experienced some disruptions in supply chain and inventory management, as well as delays in orders. We continue to closely monitor the impact that COVID-19 may have on our business and results of operations. Adverse effects of the COVID-19 pandemic may also significantly increase the effect of the aforementioned factors affecting our results of operations.

The COVID-19 pandemic and related volatility in financial markets and deterioration of national and global economic conditions could affect our business and operations in a variety of ways. For instance, on account of operating restrictions/ lockdown consequent to the outbreak of the COVID-19 pandemic, we may experience operational disruptions as a result of the following:

- a temporary shutdown of our manufacturing plants due to government restrictions or illness in connection with COVID- 19;
- a decrease in demand for our products as a result of COVID-19 on account of government restrictions imposed and additionally on account of cost control measures implemented by our customers;
- supply chain disruptions for us and our customers;
- a significant percentage of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home orders;
- delays in orders or delivery of orders;
- our strategic projects getting postponed or our planned deliveries being delayed; and
- inability to collect full or partial payments from some customers due to deterioration in customer liquidity.

The extent to which the COVID-19 impacts our business and results will depend on future developments, which are highly uncertain and cannot be predicted, such as new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. In addition, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. As a result of these uncertainties, the impact may vary significantly from that estimated by our management from time to time, and any action to contain or mitigate such impact, whether government-mandated or opted by us, may not have the anticipated effect or may fail to achieve its intended purpose altogether. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events.

As of the date of this Draft Letter of Offer, there is significant uncertainty relating to the severity of long-term adverse impact of the COVID-19 pandemic on the global economy, global financial markets and the Indian economy, and we are unable to accurately predict the long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

**7. Our Company has substantial requirement of working capital and failure to manage our working capital could have an adverse effect on our net sales, profitability, cash flow and liquidity.**

We are engaged in manufacturing and fabrication of various steel products which are meant for its application in Pipe Support Systems, HVAC Systems, Anti-vibration System and Equipments for Industrial, Commercial, Utility and OEM Installations. We manufacture various engineering products, metal and base metal products like G. I. nuts, various types of bolts, clamps, hangers etc. Moreover, we are also engaged in trading of Textile Products. Our Company business needs substantial working capital and financing in the form of fund and non-fund based working capital facilities to meet its requirements. A liquidity crunch may also result in increased working capital borrowings and consequently, higher finance cost which will adversely impact our profitability. Working capital is partially met through internal accruals. However, failure to manage our working capital requirements in the future could have an adverse effect on our net sales, profitability, cash flow and liquidity.

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

Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions, and have not been appraised by any bank or financial institution or other independent agency. Further, in the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control.

**9. Our Company is subject to inspections under the Maharashtra Pollution Control Board and various other regulatory authorities, which may result in imposition of penalty on us.**

Inspection proceedings are undertaken by various authorities for verifying the compliance of manufacturing and quality standards as per UL and FM approvals for meeting the worldwide recognition standards, and at various local levels like Maharashtra Pollution Control Board (MPCB) at regular intervals of our products that are fabricated and manufactured by us. Our Company is also subject to testing and audits by the respective authorities, for maintaining the quality parameters of the final product and also maintaining the hygienic conditions of the factory. Consequently, if we fail to adhere to the directions of the authorities in a timely manner which may attract penal sanctions affecting our operations and financial condition.

**10. Our Company has incurred substantial indebtedness which exposes us to various risks which may have an adverse effect on our business and results of operations.**

As on March 31, 2022, we had Rs. 4044.57 Lakhs of total outstanding debt on from various banks and financial institutions, related parties or others. In the event that we fail to meet our debt servicing obligations under our financing documents, the relevant lenders could declare us to be in default, accelerate the maturity of our obligations or takeover our project or even sell our Company's movable and immovable assets. We cannot assure investors that in the event of any such acceleration we will have sufficient resources to repay these borrowings. Failure to meet obligations under debt financing agreements may have an adverse effect on our cash flows, business and results of operations. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flows generated by our business. We cannot assure you that we will generate sufficient cash to enable us to service existing or proposed borrowings. Incurring significant indebtedness may limit our flexibility in planning for or reacting to changes in our business & industry and limit our ability to borrow additional funds. Further, our level of indebtedness has important consequences to our Company, such as:

- Increasing our vulnerability to general adverse economic, industry and competitive conditions;
- Limiting our flexibility in planning for, or reacting to, changes in our business and the industry; affecting our credit rating;
- Limiting our ability to borrow more money both now and in the future; and
- Increasing our interest expenditure and adversely affecting our profitability, since almost all of our debt bears interest at floating rates.

If any of these risks were to materialise, our business and results of operations may be adversely affected.

**11. Any failure to adapt to industry trends and evolving technologies to meet our customers' demands may materially adversely affect our business and results of operations.**

Changes in consumers' preferences, regulatory or industry requirements, or competitive technologies may render certain of our products obsolete or less attractive. For instance, our key products, such as Forged fittings and oil and gas industries solutions are not used in battery electric vehicles, and our ability to anticipate and successfully develop and introduce new or enhanced products on a timely basis is a significant factor in our ability to remain competitive.

There can be no assurance that we will be able to secure the necessary technological knowledge to enable us to develop our product portfolio as planned. For instance, we may not be able to install and commission the facilities required to manufacture new products for our customers in time for the start of production, and the transitioning of our manufacturing facilities and resources to full production for new products may impact production rates or other operational efficiency measures at our facilities. Our failure to successfully adopt such technologies in a cost effective and a timely manner may increase our costs and lead to us being less competitive.

**12. If we are unable to gauge the demand of our products accurately and are unable to maintain an optimal level of inventory, our business, results of operations and financial condition may be adversely affected.**

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Any error in our forecast could result in either surplus stock, which we may be unable to sell in a timely manner, or at all, or under-stocking, which will affect our ability to meet customer demand. We plan our inventory and commence our production based on the forecast and anticipated demand. We have inventory

manufactured and stored at our warehouses and seek to maintain an optimal level of inventory which is important to our business as it allows us to respond to customer demand effectively.

As of March 31, 2022, and as of March 31, 2021 our inventory as a percentage of our total current assets was 41.30% and 33.42% respectively on a standalone basis. Given the nature of our business, we end up blocking substantial amount of funds while managing the inventory. Such blocked amounts are realised only at a later date due to the inventory cycle. Ensuring availability of our products requires prompt turnaround time and a high level of coordination amongst our personnel, including the purchase team, production team, sales and marketing team, quality control team and production team. While we aim to avoid under-stocking and over-stocking, our estimates and forecasts may not always be accurate. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. If we under-stock inventory, our ability to meet customer demand may be impaired. If we over-stock inventory, our capital requirements may increase and we may incur additional financing costs. Any unsold inventory may have to be sold at a discount or discarded, potentially leading to losses. We cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

13. **Any infringement of our registered corporate logo failure to protect it may adversely affect our business. Further, any kind of negative publicity or misuse of our brand name and our logo could hamper our brand building efforts and our future growth strategy could be adversely affected.**

Our business reputation and brand under which we sell our products, are critical to the success of our business. While we have been making consistent efforts to strengthen our brand, various factors, some of which are beyond our control, are critical for maintaining and enhancing our brand, and if not managed properly, may negatively affect our brand and reputation. These include our ability to effectively manage the quality of our products; increase brand awareness among existing and potential customers, dealers and distributors; adapt our advertising and promotion efforts to emerging industry standards; and protect the intellectual property related to our brand. Further, there can be no assurance that our advertising or marketing efforts will be successful in maintaining our brand and its perception with dealers and/ or result in increased sales in the future. Our inability to adapt to evolving marketing trends at the same pace as our competitors may adversely affect our ability to effectively compete in terms of our brand equity. In addition, our reputation and brands could also be affected by socially motivated groups, which could lead to a decline in our sales volume.

14. **Any failure to compete effectively in the highly competitive precision components industry could have a material adverse effect on our business, financial condition, results of operations and cash flows.**

We face competition in India and overseas in our business, which is based on many factors, including product quality and reliability, breadth of product range, product design, technology, manufacturing capabilities, distribution channels, scope and quality of service, price and brand recognition. We compete with global competitors to retain our existing business as well as to acquire new business. Some of our competitors may have certain advantages, including greater financial, technical and/ or marketing resources, which could enhance their ability to finance acquisitions, fund international growth, respond more quickly to technological changes and/ or operate in more diversified geographies and product portfolios.

In addition, we face increasing competition across our product portfolio. Some of our competitors may be able to produce similar or equivalent products at lower costs than we can produce them.

Further, manufacturers that do not currently compete with us could expand their product portfolios to include products that would compete directly with ours. Changes in the product focus of larger manufacturers could also result in such manufacturers establishing relationships with our customers that may reduce or entirely replace our business with those customers. In addition, certain key customers to whom we currently sell certain products could decide to compete with us as manufacturers of these products. Any of these factors could have a material adverse effect on our business, financial condition, results of operations and cash flows.

**15. Failure to comply with environmental laws and regulations by us could lead to unforeseen environmental litigation which could impact our business and our future net earnings.**

We are subject to various national, state, municipal and local laws and regulations concerning environmental protection in India. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management.

Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our manufacturing plants. Further, we are subject to a litigation in connection with compliance with safety standards and the rules and regulations relating to the health of employees. We may be subject to such similar litigations in the future as well, the outcome of which may have a material adverse effect on our business and operations.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. We cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations or financial condition. In addition, we could incur substantial costs, our products could be restricted from entering certain markets, and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict.

**16. Our Company has entered into certain related party transactions in the past and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.**

Our Company has entered into certain transactions with our related parties including our Promoters, Promoter Group, Directors and their relatives. While we believe that all such transactions have been conducted on the arm's length basis, we cannot assure you that we might have obtained more favorable terms had such transactions been entered into with unrelated parties.

Furthermore, it is likely that we may enter into related party transactions in the future. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition. For details, please refer "*Financial Statements*" on page no. 100 of this Draft Letter of Offer.

**17. Improper handling of machineries could result in accidents and may lead to loss of life and may have an impact on the image of our business which could have an adverse effect on our net sales, profitability and results of our operations.**

Improper handling of machines used in the business line of the Company can result into accidents at times and may lead to loss of life of the employees and the Company could face liabilities that may adversely affect its profits. Our Company has been executing the variety of projects using modern techniques and state-of-the-art plant & equipment. Our Company has insured policies cover and has undertaken adequate safety measures, which have minimized the loss of three crucial M's viz. men, material and machines. Also, our Company employs skilled manpower to handle materials and machines and provide requisite in-house training for the same. In spite of the same, in future due to improper handling of machineries which could result in accidents, it could have an adverse effect on our net sales, profitability and results of our operations.

**18. Our Promoters play key role in our functioning and we heavily rely on their knowledge and experience in operating our business and therefore, it is critical for our business that our Promoters remain associated with us. Our success also depends upon the continued services of our promoters and our ability to attract, train and retain them.**

Our Company is promoted by a group of individuals and is led by Mr. Sanjay Patel who has approximate 39 years of experience. The success of our business operations is attributable to our Promoters, Directors and key management personnel. We believe that our relation with our Promoters, who have rich experience in setting up business, developing markets, managing customers and handling overall businesses, has enabled us to experience growth and profitability. We benefit from our relationship with our Promoters and Key Managerial Persons and our success depends upon their continuing services, who have been responsible for the growth of our business and are closely involved in the overall strategy, direction and management of our business. Our Promoter, Mr. Sanjay Patel, has been actively involved in the day-to-day operations and management since the incorporation of the Company. Our Promoters, along with the group key managerial personnel, have over the years-built relations with clients, government agencies and other persons who are connected with us. The loss of their services could impair our ability to implement our strategy, and our business, financial condition, results of operations and prospects may be materially and adversely affected. Further, our Promoters have also promoted other companies and may continue to do so. If they divert their attention to the other companies, we may not be able to function as efficiently and profitably as before. We may have to incur additional costs to replace the services of our promoters or we may not be able to do so at all, which could adversely affect our business operations and affect our ability to continue to manage and expand our business. Any inability to attract and retain talented employees or the resignation or loss of key management personnel, may have an adverse impact on our business, future financial performance and the price of our Equity Shares.

**19. Competition from other materials or changes in the products or manufacturing processes of customers that use our steel and textile products, could reduce market prices and demand for steel and textile products and thereby reduce our cash flow and profitability.**

In many applications, steel and textile competes with other materials that may be used as substitutes, such as aluminum (particularly in the automobile industry), cement, composites, glass, plastic and wood. Government regulatory initiatives mandating or creating incentives for the use of such materials in lieu of steel, whether for environmental or other reasons, as well as the development of other new substitutes for steel products, could significantly reduce market prices and demand for products and thereby reduce our cash flow and profitability.

In addition, the steel and textile market are characterized by evolving technology standards that require improved quality, changing customer specifications and wide fluctuations in product supply and demand. The products or manufacturing processes of the customers that use our products may change from time to time due to improved technologies or product enhancements. These changes may require us to develop new products and enhancements for our existing products to keep pace with evolving industry standards and changing customer requirements. If we cannot keep pace with market changes and produce steel products that meet our customers' specifications and quality standards in a timely and cost-effective manner, our business, results of operations, financial condition and prospects could be materially adversely affected.

**20. The unexpected loss, shutdown or slowdown of operations at any of our facilities could have a material adverse effect on our results of operations and financial condition.**

Our facilities are subject to operating risks, such as breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, technological changes, labour disputes, natural disasters and industrial accidents, to name some of them. The occurrence of any of these risks could adversely affect our operations by causing production at one or more facilities to shut down or slowdown. No assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on our results of operations and financial condition.

**21. Our insurance coverage may not adequately protect us against all losses or the insurance cover may not be available for all the losses as per the insurance policy, which could adversely affect business, financial condition and results of operations**.

Our operations are subject to various risks inherent to the chemicals industry and to the sale and maintaining inventory of products, as well as other risks such as theft, robbery, acts of terrorism and other force majeure events. We may not maintain sufficient insurance coverage for anticipated risks which are standard for our

type of business and operations. Our insurance policies cover losses in the case of natural calamities, fire, special perils, burglary and theft.

There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part, or on time. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations could be adversely affected.

**22. We face foreign exchange risks that could adversely affect our results of operations, further having an impact on our cash flows and our financial results may fluctuate.**

We face foreign exchange rate risk as major portion of our revenues are denominated in a currency other than the Indian Rupee. Because of our foreign currency exposure, exchange rate fluctuations between the Indian Rupee and foreign currencies can have a material impact on our results of operations, cash flows and financial condition. The exchange rate between the Indian Rupee and U.S. dollar has been volatile in recent periods and may continue to fluctuate in the future. As we intend to expand our product base and also our geographical markets, we will have greater exposure to such exchange rate fluctuations. We may, therefore, suffer losses on account of foreign currency fluctuations for sale of our products since we may not be able to pass on all losses on account of foreign currency fluctuations to our customers.

**23. Our Company does not own some of our key properties which are used by us currently for manufacturing purpose and further in case of unavailability of these properties, it would impact our operations, results and financial condition adversely.**

Our Registered Office situated at Plot No- PAP D-146/147, TTC M.I.D.C., Turbhe, Navi Mumbai - 400705, has been obtained on long lease from MIDC. Though the long lease signifies a lease for a period of 99 years, as per the terms of MIDC, our Company is required to follow the terms and conditions of the deed for each of our properties. Any lapse in following the terms and conditions may result in MIDC withdrawing the lease or reducing the lease period.

Our Company operates from 3 manufacturing units situated at Vasai, which are not owned by the Company and have been obtained on leave and license. In case of any cancellation of leave and license agreement due to any factors, we may not be able find suitable locations to shift our manufacturing units or do it without incurring substantial additional expense. This may result in additional cost, disruption of day-to-day activities and increased rent burden which would adversely affect our financial condition. For details regarding such tenancy properties and leasehold properties, please refer to "*Our Business –Properties*" on page no. 72 of this Draft Letter of Offer.

**24. Relevant copies of educational qualifications of some of our Directors and Key Managerial Personnel are not traceable.**

Relevant copies of the educational qualifications of all the Directors are not traceable. In accordance with the disclosure requirements brief biographies of the Director and Key Managerial Personnel's are disclosed in the section entitles **"***Our Management***"** on page 91 of this Draft Letter of Offer.

**25. The rate of interest for the loans obtained by us from the banks and Financial Institutions is variable and any increase in interest rates may adversely affect our results of operations and financial condition.**

Our Company is susceptible to changes in interest rates and the risks arising there from. Our sanction letters provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating. For further details of interest payable on our borrowings, please refer to the chapter titled "*Financial Statements*" on page no. 100 of this Draft Letter of Offer. Further, in recent years, the Government of India has taken measures to control inflation, which have included tightening the

monetary policy by raising interest rates. As such, any increase in interest rates may have an adverse effect on our business, results of operations, cash flows and financial condition.

**26. If we are subject to any frauds, theft, or embezzlement by our employees, suppliers, contractors or distributors, it could adversely affect our reputation, results of operations, financial condition and cash flows.**

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employee/ contractor/ distributor/ vendor fraud, theft, or embezzlement. Although we have set up various security measures in our manufacturing facility such as deployment of security guards and operational processes such as periodic stock taking, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, results of operations, financial condition, and cash flows.

**27. Our future fund requirements, in the form of further issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the Shareholders depending upon the terms on which they are eventually raised.**

We may require additional capital from time to time depending on our business needs. Any further issue of Equity Shares or convertible securities would dilute the shareholding of the existing Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

**28. In addition to normal remuneration, other benefits and reimbursement of expenses our Directors (including our Promoters) and Key Management Personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.**

Some of our Directors (including our Promoters) and Key Management Personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration, incentives or benefits and reimbursement of expenses. We cannot assure you that our Directors or our Key Management Personnel would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our Directors will continue to exercise significant control over our Company, including being able to control the composition of our board of directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Our Directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that our Directors will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospects.

**29. We might unintentionally infringe upon the intellectual property rights of others, any misappropriation of which could harm our competitive position.**

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights. We may therefore be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be required to obtain a license, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licenses or design modifications can be extremely costly. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, the settlement of which could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business and results of operations. In certain cases, our customers share their intellectual property rights in the course of the product development process that we carry out for them. If our customer's intellectual property rights are misappropriated by our employees in violation of any applicable confidentiality agreements, our customers may seek damages and compensation from us. This could have an adverse effect on our business, results of operations and damage our reputation and relationships with our customers.

**30. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage or accurately report our financial risks.**

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that additional deficiencies in our internal controls will not arise in the future, or that we will be able to implement and continue to maintain adequate measures to rectify or mitigate any such deficiencies in our internal controls.

**31. Any regulatory actions and penalties for any past or future non-compliance may adversely affect our business or reputation, or both**.

We have to comply with numerous regulatory filings, maintenance of record etc under the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("Listing Regulation"), Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 2011 and any other laws and regulation as applicable. We may had failed to comply or maintain certain record as per the applicable law (except compliance of Listing Regulation for preceding one year from the date of filing of Draft Letter of Offer where the Company had duly filed the required documents with Designated Stock Exchange). If any Regulator found the non-compliance of the applicable laws they may impose the penalty on the Company. Such penalty may impact the profitability of the Company. The Company has delayed in filing of Related party disclosure under regulation 23(9) of SEBI LODR Regulation. Consequent to delayed compliance, NSE has levied penalty vide their letter dated July 14, 2022.

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

Our audited financial statements contained in this Letter of Offer have been prepared and presented in accordance with Ind AS and no attempt has been made to reconcile any of the information given in this Letter of Offer to any other principles or to base it on any other standards. Ind AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind AS and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Ind AS contained in this Letter of Offer. Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information is dependent on your familiarity with Ind AS and the Companies Act. Any reliance by persons not familiar with Ind AS on the financial disclosures presented in this Letter of Offer should accordingly be limited.

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

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

**34. If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of processing may increase relative to our competitors, which may have an adverse impact on our business, results of operations and financial condition.**

We believe that going forward, our profitability and competitiveness will depend in large part on our ability to maintain low cost of operations, including our ability to process and supply sufficient quantities of our products as per the agreed specifications. If we are unable to respond or adapt to changing trends and standards in technologies and equipment, or otherwise adapt our technologies and equipment to changes in market conditions or requirements, in a timely manner and at a reasonable cost, we may not be able to

compete effectively and our business, financial condition and results of operations may be adversely affected.

**EXTERNAL RISK FACTORS**

**35. The GoI has implemented a new national tax regime by imposing GST.**

The GoI has implemented a comprehensive national GST regime from July 01, 2017 that will combine taxes and levies by the Central and State Governments into a unified rate structure. GST is a dual levy with state GST and central GST. Central GST will replace the current central taxes and duties such as excise duty, service tax, counter veiling duty, special additional duty of customs, central charges and cesses. The state GST will replace local state taxes like VAT, CST, octroi and others including state cesses and charges. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Our business being construction centric, most of the current central taxes and duties and local state taxes and duties are applicable to our business. We are in the process to understand the quantification of the impact of this development at this stage due to limited information available in the public domain. If we are taxed at a higher rate than the current tax rates, our financial condition and results of operations may be adversely affected. Further, we may also be required to make changes in our internal process to adapt to the requirements of GST. We cannot assure you if we will be able to effectively carry out such changes. To ensure compliance with the requirements of the GST laws, we may also need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

**36. Slowdown in economic growth in India could cause our business to suffer.**

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any significant change may adversely affect our business and financials.

**37. Our business and activities may be regulated by the Competition Act, 2002.**

The Competition Act, 2002, as amended (the "**Competition Act**"), was enacted for the purpose of preventing practices having an adverse effect on competition in India and has mandated the Competition Commission of India (the "**CCI**") to regulate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and may result in substantial penalties. Any agreement among competitors which directly or indirectly determines purchase or sale prices, directly or indirectly results in bid rigging or collusive bidding, limits or controls production, supply, markets, technical development, investment or the provision of services, or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or types of goods or services or number of customers in the relevant market or any other similar way, is presumed to have an appreciable adverse effect on competition in the relevant market in India and shall be void. The Competition Act also prohibits the abuse of dominant position by any enterprise. If it is demonstrated that any contravention committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the contravention and may be punished.

On March 4, 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India. Consequently, all agreements entered into by us may fall within the purview of the Competition Act.

Further, the CCI has extraterritorial 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, financial condition, results of operations and cash flows.

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

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

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

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

39. **The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.**
A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in offer document, corporate governance norms, audit matters, related party transactions,

introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing.

Further, companies meeting certain financial thresholds are also required to constitute a committee of the board of directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for non-compliance have been prescribed under the Companies Act, 2013, which may subject our Company, Directors, and key managerial employees to such penalties and formal actions as prescribed under the Companies Act, 2013, if we not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could harm our reputation. To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavour to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

**40. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments and failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operations.**

Modernization and technology up gradation is essential to reduce costs and increase the output. Our production technology may become obsolete or may not be upgraded timely, hampering our operations and financial conditions. Although we believe that we have installed plant and machineries with the latest upgraded technology suitable for yarn production, we shall further continue to keep our technology updated. In case of availability of an updated technology in the industry, we may be required to implement new technology as failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operation. Further, the cost in upgrading our technology may be significant which could substantially affect our finances and operations.

**41. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.**

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

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

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

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

An outbreak or epidemic, such as SARS, the H1N1 and H5N1 viruses or COVID-19 could cause general consumption or the demand for various products to decline, which could result in reduced demand for our services. Such an outbreak or epidemic may significantly interrupt our business operations as health or governmental authorities may impose quarantine and inspection measures on us or our contractors, or restrict the flow of cargo to and from areas affected by the outbreak or epidemic.

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

**43. Changing laws, rules and regulations and legal uncertainties in India and other countries may adversely affect our business and financial performance.**

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

Further, the Government of India has announced the union budget for the Fiscal 2023, pursuant to which the Finance Bill, 2021 ("**Finance Bill**") has introduced various amendments. The Finance Bill has received assent from the President of India on March 28, 2021, and has been enacted as the Finance Act, 2021 ("**Finance Act**"). There is no certainty on the impact that the Finance Act may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Our Company has not made relevant provisions for the same, as on date. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

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

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders rights including in relation to class actions, under Indian law may not be as extensive as shareholders rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction. Further, our Company's Articles of Association, composition of our Company's Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as a shareholder in an Indian company than as a shareholder of an entity in another country or jurisdiction.

**45. Adverse geopolitical conditions such as increased tensions between India and China, could adversely affect our business, results of operations and financial condition.**

Adverse geopolitical conditions such as increased tensions between India and China resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries imposing restrictions on the import or export of products or raw materials, among others, and affect our ability to procure raw materials required for our manufacturing operations. We could also be affected by the introduction of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries.

**46. Conditions in the Indian securities market and stock exchanges may affect the price and liquidity of our Equity Shares.**

Indian stock exchanges, which are smaller and more volatile than stock markets in developed economies, have in the past, experienced problems which have affected the prices and liquidity of listed securities of Indian companies. These problems include temporary exchange closures to manage extreme market volatility, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time-to-time restricted securities from trading, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. Further, a closure of, or trading stoppage on, either of the Stock Exchanges could adversely affect the trading price of our Equity Shares.

**RISKS IN RELATION TO EQUITY SHARES**

**47. 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. Renouncees 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 Renouncees 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 Entitlement.

**48. SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, October 01, 2021 (SEBI Rights Issue Circular) streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this 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 Rights Issue circulars 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 be participate in the Issue only in accordance with the applicable laws in their respective jurisdictions.

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 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.

**49. We cannot guarantee that the Equity Shares issued under this Issue will be listed on the Stock Exchanges in a timely manner, if at all.**

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the investors, we are required to apply to the Stock Exchanges for final approval for listing and trading of the Equity Shares. There could be a failure or delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Equity Shares on the Stock Exchanges. 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. Any failure or delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares. Further,

historical trading prices, may not be indicative of the prices at which the Equity Shares will trade in the future.

**50. 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. There can be no assurance 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.

**51. Foreign investors are subject to foreign investment restrictions under Indian law that limit 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.

**52. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares**

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Previously, any gain realised on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long-term capital gains tax in India if securities transaction tax ("STT") was paid on the sale transaction. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares Rights Entitlements.

Further, the Finance Act, 2019, which has been notified with effect from April 1, 2019, stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments have been notified on December 10, 2019; however, these amendments will come into effect from July 1, 2020. The Finance Act,

2020 has also provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

**53. 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.

**54. Overseas shareholders may not be able to participate in the 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 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 US Securities Act is required in order for the 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 US Securities 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.

**55. The Issue Price of the Rights Equity Shares may not be indicative of the market price of the Equity Shares after the Issue.**

The Issue Price of the Rights Equity Shares will be determined by our Company in consultation with the Lead Manager. This price may not be indicative of the market price for the Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

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

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no

assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

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

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

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

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

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

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

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

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

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

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

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

**62. Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter or members of our Promoter Group may adversely affect the trading price of the Equity Shares.**

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

## SECTION III – INTRODUCTION

### THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on May 10, 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 is approved by the Rights Issue Committee at their 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 291 of this Draft Letter of Offer.

| | |
|---|---|
| **Rights Equity Shares being offered by our Company** | [●] |
| **Rights Entitlement** | [•] Rights Equity Share for every [•] fully paid-up Equity Share(s) held on the Record Date |
| **Record Date** | [•] |
| **Face value per equity share** | ₹ 10.00/- each |
| **Rights Price (Issue Price) per equity share** | ₹ [•] per Equity Share (including a premium of ₹ [•] per Equity Share) |
| **Dividend** | Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, as per applicable law. |
| **Issue Size (Rights Size)** | Up to ₹ 4500.00 Lakhs[#]<br>[#]*To be adjusted as per the Rights Entitlement ratio* |
| **Equity Shares subscribed, paid–up and outstanding prior to the Issue** | For details, see "***Capital Structure***" beginning on page 48 |
| **Equity Shares subscribed, paid–up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)** | Up to [●][#] Equity Shares<br>[#]*Assuming full subscription* |
| **Security codes for the Equity Shares** | ***ISIN for Equity Shares****: INE869Y01010*<br>***ISIN for RE Equity Shares****: [●]*<br>***NSE SYMBOL****: TEMBO* |
| **Terms of the Issue** | For details, see "***Terms of the Issue***" beginning on page 291 |
| **Terms of Payment** | The full amount is payable on application |
| **Use of Issue Proceeds** | For details, see "***Objects of the Issue***" beginning on page 53 |

*For details in relation fractional entitlements, see "**Terms of the Issue – Fractional Entitlements**" beginning on page 304.*

## GENERAL INFORMATION

Our Company was originally incorporated as SAKETH EXIM PRIVATE LIMITED at Mumbai, Maharashtra as a Private Limited Company under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated June 16, 2010 bearing registration number 204331 issued by Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of our Company changes to "Saketh Exim Limited" on account of conversion from private company into public company consequent to effect legal status in accordance with Fresh Certificate Of Incorporation Consequent Upon Conversion To Public Limited Company dated December 19, 2017 issued by Registrar of Companies, Mumbai. Further, name changed to "Tembo Global Industries Limited" in accordance with fresh certificate of incorporation pursuant to name change dated March 13, 2020 issued by Registrar of Companies, Mumbai. Our Company was listed on Emerge Platform of National Stock Exchange of India Limited on August 13, 2018 vide listing and trading approval from National Stock Exchange of India Limited dated August 13, 2018. Further, our Company migrated to main board of National Stock Exchange of India Limited vide listing and trading approval dated April 23, 2021. The Corporate Identification Number is L24100MH2010PLC204331.

**REGISTERED OFFICE OF OUR COMPANY**

Plot No- PAP D- 146/ 147, TTC MIDC,
Turbhe, Navi Mumbai-400705, India.
Tel: 022- 27620641/022- 27620642
Email: md@tembo.in
Website: www.tembo.in

**REGISTRAR OF COMPANIES**

100, Everest, Marine Drive,
Mumbai-400002, Maharashtra.

**COMPANY SECRETARY & COMPLIANCE OFFICER**:

Ms. Tasneem Husain Marfatia

Plot No- PAP D- 146/ 147, TTC MIDC,
Turbhe, Navi Mumbai-400705, India.
Tel: 022- 27620643
Email: cs@sakethexim.com

**BOARD OF DIRECTORS**

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

| NAME | DIN | DESIGNATION | ADDRESS |
|---|---|---|---|
| Jehan Darayus Variava | 07825744 | Chairman and Non-Executive Independent Director | 504, Chokisheri, Nanpura, Surat, Gujarat-395001 |
| Jasbir Singh Anand | 08017248 | Independent Director | B-10, Flat No. 202, Avantika Chs Kalpak Estate, Antop Hill Mumbai - 400037 |
| Sanjay Jashbhai Patel | 01958033 | Managing Director | 143/4.Bhuva Cottage.1st Floor R.No.9, Indulal Bhuva Marg Sewree Wadala Mumbai-400031 |
| Shalin Sanjay Patel | 08579598 | Executive Director | 143/4, Bhuva Cottege Indulal, Bhuva Marg, SIWS College, Wadala west , Mumbai 400031. |
| Fatema Shabbir Kachwala | 06982324 | Whole time Director | B/408, Raj Mandir Chsl, Off Yari Road, Versova, Andheri West Mumbai Maharashtra 400061 |

| NAME | DIN | DESIGNATION | ADDRESS |
|---|---|---|---|
| Smita Sanjay Patel | 00348305 | Non- Executive Director | 143/4, Bhuva Cottege Indulal, Bhuva Marg, SIWS College,Wadala west, Mumbai 400031 |

The details of Intermediaries are as follows:

| LEAD MANAGER TO THE ISSUE | REGISTRAR TO THE ISSUE |
|---|---|
| **FEDEX SECURITIES PRIVATE LIMITED**<br>3rd Floor, B Wing, Jay Chambers, Nanda Patkar Road, Vile Parle (E), Mumbai – 400 057, Maharashtra, India<br>**Tel No**.: +91 81049 85249<br>**Fax No**.: 022 2618 6966<br>**E-mail**: mb@fedsec.in<br>**Website**: www.fedsec.in<br>**Contact Person**: Yash Kadakia<br>**SEBI Registration Number**: INM000010163<br>**Investor Grievance E-Mail**: mb@fedsec.in | **BIG SHARE SERVICES PRIVATE LIMITED**<br>Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai - 400093<br>**Tel No.:** 022 62638222<br>**Fax No.:** 022 62638299<br>**E-mail**: rightsissue@bigshareonline.com<br>**Contact Person**: Mr. Vijay Surana<br>**Website:** www.bigshareonline.com<br>**SEBI Registration No.:** INR000001385<br>**Investor Grievance E-Mail**:investor@bigshareonline.com |
| **STATUTORY & PEER REVIEW AUDITOR** | **LEGAL ADVISOR** |
| **M/S.RA MARU & ASSOCIATES**<br>C/4, Khandwala Apatments Chsl, Vakola Pipe Line, Gaodevi, Santacruz (East), Mumbai-400055<br>**E-mail Id:** carumeetmaru@gmail.com<br>**Tel No:** 8080394548<br>**Contact Person:** Rumit Anil Maru<br>**Reg. No.:** 141914W<br>**Peer Review Certificate No.:** 010094 | **ABRAHAM & ASSOCIATES**<br>106A, Vikas Building, 11th Bank Street, Fort. Mumbai-400001<br>**Tel No:** 9920057537/ 9769273834<br>**Email Id:** alex.ab.2009@gmail.com/ info@hjcadvisory.com<br>**Contact Person:** Alex Abraham<br>**Bar Council Registration No.:** MAH/345/2021 |
| **BANKERS TO THE ISSUE** | **BANKER TO THE COMPANY** |
| **[•]**<br>Tel No: [•]<br>Email Id: [•]<br>Website: [•]<br>Contact Person: [•]<br>SEBI Registration No.: [•] | **BANK OF INDIA**<br>Turbhe Branch, Plot No. 34, Sector - 24, Turbhe, Navi Mumbai – 400705<br>**Tel No:** 022 27830266 , 022 27832341<br>**Email Id:** Turbhe.Navimumbai@bankofindia.co.in<br>**Website:** www.bankofindia.co.in<br>**Contact Person:** Mrs. Jayalaxmi Salian |

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB (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, 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.

For details on the ASBA process, see "*Terms of the Issue*" beginning on page 291 of this Draft Letter of Offer.

**DESIGNATED INTERMEDIARIES**

**Self-Certified Syndicate Banks ("SCSBs")**

The lists of SCSBs notified by SEBI to act as SCSB for the ASBA process are available on the website of SEBI on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details of the Designated Branches of SCSBs collecting the Application Forms, please refer to the above-mentioned SEBI link.

**Registrar to the Issue and Share Transfer Agents ("RTA")**

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI (www.sebi.gov.in), and updated from time to time. For details on RTA, please refer http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

**Collecting Depository Participants ("CDP")**

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

**STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES**

Fedex Securities Private Limited being sole Lead Manager to this Issue, all the responsibilities relating to co-ordination and other activities in relation to the Issue shall be performed by them. Hence, a statement of inter-se allocation of responsibilities is not required.

**CREDIT RATING**

This being a Rights Issue of Equity Shares, credit rating is not required.

**DEBENTURE TRUSTEES**

Since this is not a debenture issue, appointment of debenture trustee is not required.

**MONITORING AGENCY**

As per Regulation 82 of SEBI ICDR Regulations, the issue size is not exceeding ₹10000.00 Lakhs, therefore appointment of monitoring agency is not applicable to this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

**UNDERWRITING**

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

**CHANGES IN AUDITORS DURING THE LAST THREE YEARS**

There has been no change in the Statutory Auditors of our Company during the last 3 years preceding the date of this Letter of Offer.

**FILING**

This Draft Letter of Offer is being filed with the Stock Exchanges i.e., National Stock Exchange of India Limited to obtain In-Principle approval. The letter of Offer shall be submitted with Stock Exchanges and SEBI for information and dissemination purpose as per the provisions of the SEBI ICDR Regulations.

In light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Draft Letter of Offer / Letter of Offer to the e-mail address: *cfddil@sebi.gov.in* .

**MINIMUM SUBSCRIPTION**

Since, the proposed Rights Issue is for an amount less than ₹ 5000 Lakhs minimum subscription criteria provided in regulation 86(1)(b) of the SEBI ICDR Regulations read with Regulation 60 and Regulation 3 is not applicable. Accordingly, the Rights Issue size would stand reduced to the extent of undersubscription.

**ISSUE SCHEDULE**

| Particulars | Day and Date |
|---|---|
| Last Date for credit of the Rights Entitlements | [●] |
| Issue Opening Date | [●] |
| Last Date for On Market Renunciation of the 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 the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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

*Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 (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 1 (One) day before the Issue Closing Date, i.e., [●].*

## CAPITAL STRUCTURE

The Share Capital of our Company as on the date of the Draft Letter of Offer and after the proposed Issue is set forth below:

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

| Sr. No. | Particulars | Aggregate value at | |
|---|---|---|---|
| | | Face value | Issue Price |
| **1** | **AUTHORISED SHARE CAPITAL** | | |
| | 2,20,00,000 Equity Shares of face value of ₹ 10.00/- each | 2200.00 | - |
| **2** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL** | | |
| | 1,00,46,000 fully paid-up Equity Shares of face value of ₹ 10.00/- each | 1,004.60 | - |
| | **PRESENT ISSUE IN TERMS OF THE LETTER OF OFFER** (*) | | |
| | [▪] Equity shares of face value of ₹ 10.00/- each at a price of ₹ [▪]/- per Equity Share | Upto 4500.00 | [●] |
| **3** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**** | | |
| | Up to [•] fully paid-up Equity Shares of face value ₹ 10.00/- each | [•] | - |
| 4 | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the issue i.e., March 31, 2022^^ | 179.28 | |
| | After the Issue ^ | [•] | |

**The present Issue has been authorised by the Board of Directors of vide a resolution at its meeting held on May 10, 2022.*

***Assuming full subscription for and allotment of the Rights Equity Shares*.

*^Subject to finalisation of Allotment*

*^^As certified by the R A Maru & Associates, Statutory Auditor vide it certificate dated July 15, 2022 bearing UDIN 22166417AMYBIW2952*

*# Assuming full subscription for and allotment of the Rights Entitlement.*

**Confirmations**

As on the date of this Draft Letter of offer, the Promoter and Promoter Group hereby confirm that:

1. Except as mentioned below no other Equity Shares of our Company held by our Promoters are locked in, pledged & encumbered as mentioned below:

| Sr. No. | Name of the Promoters | Nature | No. of Shares |
|---|---|---|---|
| 1 | Sanjay Patel | Shares Pledged | 2,50,280.00 |
| 2 | Fatema Kachwala | Shares Pledged | 3,72,280.00 |
| | **Total** | | **6,22,560.00** |

2. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. The Rights Equity Shares, when issued shall be fully paid up. For details on the terms of this Issue, see "***Terms of the Issue***" on page 291.
3. No Equity Shares have been acquired by any of the other Promoters or members of Promoter Group in the last (1) one year immediately preceding the date of filing of this Draft Letter of Offer.
4. As on the date of this Draft Letter of Offer, our Company does not have any outstanding warrants, outstanding instruments with an option to convert or securities which are convertible at a later date into Equity Shares;
5. As on the date of this Draft Letter of Offer, our Company does not have a stock option scheme

**Intention and extent of participation by our promoter and promoter group:**

Pursuant to the letter dated June 11, 2022, our Promoter and Promoter group, has undertaken that

a. *they would subscribe, jointly and / or severally only to the extent of upto ₹ 500.00 Lakhs;*

b. *they would not subscribe to the 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 in accordance with Regulation 10(4)(b) and other applicable provisions of the SEBI Takeover Regulations; and*

c. *they may renounce their rights entitlement*

The aforementioned subscription of Rights Equity Shares and Additional Equity Shares by our Promoter shall not result in a change of control of the management of our Company and shall not result in an obligation on our Promoter to make an open offer to the public shareholders of our Company in terms of the SEBI Takeover Regulations. Further, as on the date of this Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable laws, pursuant to this Issue.

**Ex-Rights price per Equity Share**

The ex-rights price per Equity Share as per Regulation 10(4)(b)(ii) of the SEBI Takeover Regulations is ₹ [•]. The ex-rights price per Equity Share has been calculated assuming full subscription to the Issue.

**Shareholding pattern**

Set forth below is the shareholding pattern of our Company as at June 30, 2022 in accordance with Regulation 31 of the SEBI Listing Regulations and can be accessed at www.tembo.in

| Category (I) | Category of Shareholder (II) | No. of Shareholders (III) | No of fully paid-up equity shares held (IV) | No of partly paid-up equity shares held (V) | No. of shares underlying Depository Receipts (VI) | Total No of Shares held (VII = IV + V + VI) | Shareholding as a % of total No. of Shares (calculated as per SCRR,1957 (As a % of (A + B + C2) (VIII) | Number of Voting Rights held in each Class of securities (IX) | | No of underlying outstanding convertible securities (incl. Warrants) (X) | Shareholding as a % assuming full convertible securities (as a % of diluted share capital (As a % of (A + B + C2) (XI =VII +X) | Number of Locked in shares (XII) | | No. of shares Pledged or Otherwise Encumbered (XIII) | | No. of Equity shares held in Demat Form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No of voting Right | Total as % of (A+B +C) | | | No (a) | As a % of total shares held (b) | No (a) | As a % of total shares held (b) | |
| À | Promoter and Promoter Group | 7 | 73,10,000 | 0 | 0 | 73,10,000 | 72.77 | 73,10,000 | 72.77 | - | - | - | - | 6,22,560 | 8.52 | 73,10,000 |
| B | Public | 1661 | 27,36,000 | 0 | 0 | 27,36,000 | 27.24 | 27,36,000 | 27.23 | - | - | - | - | - | - | 27,36,000 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| C | Non-Promoter Non-Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| C1 | Shares Underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| C2 | Shares held by Employee Trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | **Total (A+B+C)** | **1668** | **1,00,46,000** | **-** | **-** | **1,00,46,000** | **100** | **1,00,46,000** | **100** | **-** | **-** | **-** | **-** | **6,22,560** | **6.20** | **1,00,46,000** |

**Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:**

1. The statement showing holding of the Equity Shares of the persons belonging to the "Promoter and Promoter Group" as on June 30, 2022, can be accessed on the website of the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=TEMBO&tabIndex=equity
2. The statement showing holding of the Equity Shares of persons belonging to the category "Public" including shareholders holding more than 1% of the total number of the Equity Shares as on June 30, 2022, can be accessed on the website of the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=TEMBO&tabIndex=equity
3. The statement showing holding of the Equity Shares of persons belonging to the category "Non-Promoter-Non-Public shareholder" can be accessed on the website of the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=TEMBO&tabIndex=equity.
4. The statement showing holding of the Equity Shares of persons belonging to the category "Significant Beneficial Owners" as on June 30, 2022, can be accessed on the website of the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=TEMBO&tabIndex=equity

**The list of shareholders holding 1% or more of the paid-up capital of our Company is as under as on June 30, 2022**:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the pre-Issue capital (in %) |
|---|---|---|---|
| **1.** | Fatema Shabbir Kachwala | 32,07,000 | 31.92 |
| **2.** | Sanjay Jashbhai Patel | 12,51,750 | 12.46 |
| **3.** | Taruna P. Patel | 10,38,750 | 10.34 |
| **4.** | Smita S. Patel | 8,88,750 | 8.85 |
| **5.** | Piyush Jashbhai Patel | 6,23,750 | 6.21 |
| **6.** | Ravi Goyal (Huf) | 2,25,500 | 2.24 |
| **7.** | Ravi Goyal | 2,20,000 | 2.19 |
| **8.** | Dinesh Kumar Jain | 2,04,012 | 2.03 |
| **9.** | Bond Street Jewellers (L.L.C) | 1,91,021 | 1.90 |
| **10.** | Priyanka Piyush Patel | 1,50,000 | 1.49 |
| **11.** | Rushil Piyush Patel | 1,50,000 | 1.49 |
| | **Total** | **81,50,533** | **81.13** |

## OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilised by our Company for the following objects *(collectively referred to as "Objects")*:

1. Working Capital Requirement
2. Repayment of certain outstanding borrowings
3. General corporate purposes

The main objects clause and objects incidental or ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities.

In addition to the aforementioned objects, our Company intends to strengthen its capital base

**Net Proceeds**

The details of the proceeds of the Issue are summarised in the table below:

| Particulars | Estimated Amount *(₹ In lakhs)* |
|---|---|
| Gross Proceeds from the Issue* | Upto 4500.00 |
| Less: Issue Related Expenses# | [●] |
| **Net Proceeds** | **[●]** |

**Assuming full subscription and Allotment of the Rights Entitlement*
*# To be finalised upon determination of the Issue Price and updated in the Letter of Offer prior to filing with Stock Exchanges.*

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

The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

***(₹ In Lakhs)***

| Particulars | Amount to be funded from Net Proceeds | Estimated utilisation of Net Proceeds in FY 2022-23 |
|---|---|---|
| Working Capital | [●] | **[●]** |
| Repayment of loan | 866.00 | 866.00 |
| General corporate purposes * | **[●]** | **[●]** |

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

Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment, interest or exchange rate fluctuations, taxes and duties, working capital margin and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. Subject to applicable law, if the actual utilisation towards reduction of borrowings is lower than the proposed deployment, the balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the gross proceeds. In case of a shortfall in raising requisite capital from the Net Proceeds towards meeting the Objects, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent financial years towards the aforementioned objects.

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any bank or financial institution. These are based on current conditions and are subject to revisions in light of changes in external circumstances or costs, or our financial condition, business or strategy.

**Details of the Objects of the Issue**

**1. Working Capital Requirements**

Our Company manufactures and fabricates various steel products which are meant for its application in Pipe Support Systems, HVAC Systems, Anti-vibration System and Equipments for Industrial, Commercial, Utility and OEM Installations. We have to provide credit period to our Customers in order to maintain steady flow of orders. Further, our business is mainly export oriented and hence this increases our inventory holding periods. We fund the majority of our working capital requirements in the ordinary course of our business from our borrowings inclusive of working capital facility availed from various banks and financial institution and internal accruals.

Basis of estimation of incremental working capital requirement (On a standalone basis):

Details of Company's working capital as at Financial year 2021-22, 2020-21 & 2019-20 based on Audited Financial Information of our Company as set out in the table below:

*(₹ In lakhs)*

| Particulars | 2022-23# | 2021-22* | 2020-21* | 2019-20* |
|---|---|---|---|---|
| **Current Assets** | | | | |
| Inventories | [●] | 2652.29 | 1899.34 | 1301.88 |
| Trade Receivables | [●] | 2702.61 | 3048.17 | 2018.85 |
| Cash and Cash Equivalents | [●] | 10.83 | 2.51 | 2.19 |
| Short Term Loans and Advances | [●] | 45.57 | 20.71 | 15.58 |
| Other Current Assets | [●] | 1010.73 | 712.95 | 642.96 |
| **Total** | [●] | **6422.03** | **5683.69** | **3981.45** |
| **Current Liabilities** | | | | |
| Short Term Borrowings | [●] | 1715.45 | 1961.78 | 1098.64 |
| Trade Payables | [●] | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | [●] | 0.00 | 0.00 | 0.00 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | [●] | 1616.23 | 1638.03 | 1107.48 |
| Other financial liabilities | [●] | 170.27 | 202.37 | 81.50 |
| Lease Liabilities | [●] | 6.99 | - | 63.53 |
| Provisions | [●] | 44.26 | 37.72 | 29.81 |
| Employee benefit obligations | [●] | 1.44 | - | - |
| Other Current Liabilities | [●] | 490.79 | 83.73 | 39.93 |
| **Total** | | **40454.35** | **3923.63** | **2420.90** |
| **Net Working capital** | [●] | **2376.60** | **1760.06** | **1560.55** |

**Certified by R A Maru & Associates, pursuant to their certificate dated July 21, 2022 bearing UDIN: 22166417ANIREY2518*

*#Certified by Independent Chartered Accountant [●], pursuant to their certificate dated [●] bearing UDIN: [●]*

**Assumptions for our estimated working capital requirement:**

*(in days)*

| *Particulars* | 2022-23# | 2021-22* | 2020-21* | 2019-20* |
|---|---|---|---|---|
| *Sales* | [●] | [●] | [●] | [●] |
| *Purchase* | [●] | [●] | [●] | [●] |
| Average Inventory | [●] | [●] | [●] | [●] |
| **No. of Days holding period of Inventory** | [●] | [●] | [●] | [●] |
| Trade Receivables | [●] | [●] | [●] | [●] |
| **No. of Days holding period of Trade Receivables** | [●] | [●] | [●] | [●] |
| Trade Payables | [●] | [●] | [●] | [●] |
| **No. of Days holding period of Trade Payables** | [●] | [●] | [●] | [●] |

***Certified by R A Maru & Associates, pursuant to their certificate dated [●], 2022 bearing UDIN: [●]*

*#Certified by Independent Chartered Accountant [●], pursuant to their certificate dated [●] bearing UDIN: [●]*

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned object of the Offer, as per the estimated schedule of utilisation specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the aforementioned object, in accordance with applicable law.

For further details, please refer to *"Financial Information"* on page 100, respectively.

**2. Repayment of certain outstanding borrowings**

Our Company has certain outstanding borrowings, for details of the total borrowings and their history, see "***Financial Statements***" on page 100. Our Company proposes to utilise an estimated amount of upto ₹ 866.00 Lakhs from the Net Proceeds towards prepayment, repayment or redemption (earlier or scheduled) of all or a portion of certain borrowings availed by our Company.

Given the nature of these borrowings and the terms of prepayment, repayment or redemption (earlier or scheduled), the aggregate outstanding borrowing amounts may vary from time to time. Further, the amounts outstanding under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits.

The following table sets forth details of certain borrowings availed by our Company, out of which our Company may prepay, repay or redeem (earlier or scheduled), all or a portion of, any or all of the borrowings:

| Sr. No. | Name of the lender | Nature of Borrowing | Amount Sanctioned (₹ In lakhs) | Amount outstanding as on July 15, 2022 (₹ In lakhs) |
|---|---|---|---|---|
| 1. | Aditya Birla Finance Limited | Capital Expenditure | 668.00 | 569.00 |
| 2. | Aditya Birla Finance Limited (GECL) | Working Capital | 197.00 | 197.00 |
| 3. | Smita Sanjay Patel | Director Borrowings | 100.00 | 100.00 |
| | | **Total** | **965.00** | **866.00** |

*As certified by Statutory Auditor R A Maru & Associates., Chartered Accountants, Chartered Accountants by way of their certificate dated July 20, 2022 bearing UDIN No.: 22166417ANHJMP2686.*

The selection of borrowings proposed to be prepaid, repaid or redeemed (earlier or scheduled) out of the borrowings provided above, shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment

penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan. Payment of interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the Net Proceeds of the Fresh Issue.

The repayment of Borrowings by utilizing the Net Proceeds will help reduce our outstanding indebtedness and improve our debt-to-equity ratio. In addition, we believe that the improved debt-toequity ratio will enable us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business in the future.

**3. General Corporate Purposes**

Our Company intends to deploy any balance Net Proceeds towards general corporate purposes, not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The allocation or quantum of utilisation of funds towards the specific purposes will be determined by our Board, based on our business requirements and other relevant considerations, from time to time.

General corporate purposes may include, but are not restricted to, the following:

a. strategic initiatives;
b. funding growth opportunities;
c. strengthening marketing capabilities and brand building exercises;
d. meeting ongoing general corporate contingencies;
e. meeting fund requirements of our Company, in the ordinary course of its business;
f. meeting expenses incurred in the ordinary course of business; and
g. any other purpose, as may be approved by the Board, subject to applicable law.

**Means of Finance**

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

**Estimated Expenses for the issue**

The total expenses of this Issue are estimated to be ₹ [●]. The break-up of the Issue expenses is as follows:

*(₹ in Lakhs)*

| Activity | Estimated Expense | % of Total Expenses | As a % of Issue size |
|---|---|---|---|
| Fee payable to the Lead Manager | [●] | [●] | [●] |
| Fee payable to the Registrar | [●] | [●] | [●] |
| Fee to the legal advisors and other professional service providers and statutory fee | [●] | [●] | [●] |
| Fee payable to regulators, including depositories and Stock Exchanges | [●] | [●] | [●] |
| Advertising, marketing expenses, shareholders outreach, etc | [●] | [●] | [●] |
| Other expenses (including miscellaneous expenses and stamp duty) | [●] | [●] | [●] |
| **Total estimated issue expenses** | [●] | [●] | [●] |

***Notes:***

1. *Assuming full subscription and Allotment of the Rights Entitlement. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall adjusted with the amount allocated towards general corporate purposes*
2. *The fund deployed out of internal accruals up to July 21, 2022 is ₹ 5.79 Lakhs towards issue expenses vide certificate dated July 23, 2022 bearing UDIN 22166417ANMVOW1842 received from R A Maru & Associates, Chartered Accountants and the same will be recouped out of issue proceeds reserved for Issue Expenses.*

**Strategic and/or Financial Partners**

There are no Strategic and Financial partners.

**Appraisal**

None of the Objects of the Issue have been appraised by any bank or financial institution.

**Government approvals**

There are no material pending government or regulatory approvals pertaining to the objects of the Issue.

**Bridge Financing Facilities**

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this draft letter of offer, which are proposed to be repaid from the Proceeds of this Rights issue.

**Interim Use of Funds**

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Rights issue proceeds. Pending utilization of the proceeds for the purposes described above, our Company intends and will deposit the Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board. Our Company confirms that it shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed company or for any investment in the equity markets or providing inter-corporate deposits to any related parties.

Additionally, in compliance with Regulation 66 of the SEBI ICDR Regulations, our Company confirms that it shall not use the Net Proceeds for financing or for providing loans to or for acquiring shares of any person who is part of the Promoter Group or Group Companies.

**Monitoring of Utilization of Funds**

Since the proceeds from the Issue are less than ₹ 10,000 lakhs, in terms of Regulation 82(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for this Issue. Our Board of Directors will monitor the utilization of the Issue Proceeds. The Company will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate investments, if any, of unutilized Issue Proceeds in the Balance Sheet of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to Clause 32 of the SEBI Listing Regulation, the Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. In accordance with Clause 32 of the SEBI Listing Regulation, the Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after placing the same before the Audit Committee.

**Other Confirmations**

Our Promoters, Promoter group, directors and key managerial personnel have no interest in any of the objects as stated above and other related matters thereof except repayment of borrowing from Smita Patel, one of the Promoter and Director of our Company.

## STATEMENT OF SPECIAL TAX BENEFITS

**To**
The Board of Directors
Tembo Global Industries Limited (Formerly known as Saketh Exim Limited)

**Subject: Statement of Special tax benefits ("the Statement") available to Tembo Global Industries Limited ("the Company") and the shareholders of the Company in connection with the proposed rights issue of equity shares of the Company under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2018, as amended ("Regulations")**

Dear Sirs,

We, the statutory auditors of the Issuer, have been requested by the Company to issue a report on the special tax benefits available to the Company and its shareholders attached for inclusion in the Draft Letter of Offer in connection with the proposed rights issue of equity shares of the Company (the "Issue").

The Statement has been prepared by the management of the Company and initialed by us for identification purpose only. The statement showing the current position of special direct tax benefits available to the Company and the shareholders of the Company as per the provisions of Income-tax Act 1961 ("IT Act") (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act, 2020 and Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020 and special indirect tax benefits solely in relation to the Issue as per the provisions of the Goods and Services Tax Act, 2017 ("GST Act") as amended by Finance Act, 2020, i.e. applicable for the assessment year AY 2021-22 relevant to the financial year 2020-21 for inclusion in the Draft Letter of Offer ("DLOF") for the issue of rights shares is annexed herewith, which we have initialed for identification purposes only.

These possible special tax benefits are dependent on the Company and the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the corresponding tax laws. Hence, the ability of the Company and the shareholders of the Company to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives, the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the tax laws. The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

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

The statement is intended solely for information and the inclusion in the Draft Letter of Offer in connection with the rights issue of equity shares of the Company and for submission to Securities and Exchange Board of India and National Stock Exchange of India Limited and is not be used, referred to or distributed for any other purpose, without our prior consent, provided the below statement of limitation is included in the Draft Letter of Offer.

**Limitation**

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

For R A Maru & Associates
Chartered Accountants
FRN 141914W

Rumeet Anil Maru
Proprietor
M No. 166417
UDIN: 22166417ANCDBD9240

Place: Mumbai
Date: July 18, 2022

**Annexure – I**

The information provided below sets out the possible direct and indirect tax benefits (indirect tax benefits solely in relation to the Issue) in the hands of Tembo Global Industries Limited ("the Company") and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax benefits, under the current tax laws presently in force in India. Several of these benefits are dependent upon their fulfilling the conditions prescribed under the relevant direct and indirect tax laws. Hence, the ability of the Company and the shareholders of the Company to derive the direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfil. Further, certain tax benefits may be optional and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax laws. The following overviewis not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. The tax benefits stated below are as per the Income-tax Act, 1961 ("IT Act") as amended from time to time and applicable for financial year 2020-21 relevant to assessment year 2021-22 (AY 2021-22) and special indirect tax benefits solely in relation to the Issue as per the provisions of the Goods and Services Tax Act, 2017 as amended from time to time and applicable for financial year 2020-21.

**SPECIAL TAX BENEFITS UNDER THE IT ACT IN THE HANDS OF COMPANY AND THESHAREHOLDERS OF THE COMPANY**

1. Direct Tax

***Special tax benefits available to the Company under IT Act***

- A new section 115BAA has been inserted by the Taxation Laws (Amendment) Act, 2019 ("the Amendment Act, 2019") w.e.f. April 1, 2020 i.e. AY 2020-21 granting an option to domestic companies to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%), provided such companies do not avail specified exemptions/incentives and comply with other conditions specified in section 115BAA. The Amendment Act, 2019 further provides that domestic companies availing such option will not be required to pay Minimum Alternate Tax ("MAT") on its book profits under section 115JB. The Company has exercised the above option.
- With respect to a resident corporate shareholder, a new section 80M is inserted in the Finance Act, 2020 w.e.f. 1st April 2021, which provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from suchher domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub- section (1) of section 139. Special tax benefits available to the shareholders.
    - The Company would be required to deduct tax at source on the dividend paid to the shareholders, at applicable rates. The shareholders would be eligible to claim the credit of such tax in their return of income.
    - The non-resident shareholders can offer the dividend income to tax under the beneficial provisions of the Double Taxation Avoidance Agreement, if any. Further, the non- resident shareholders would be eligible to claim the foreign tax credit, based on thelocal laws of

the country of which the shareholder is the resident.

- There are no other special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company arising out of the proposed rights issue

2. Indirect Tax

**Special tax benefits available to the Company and its shareholders under GST Act**

Solely in relation to the Issue, there are no special indirect tax benefits available to theCompany or it's shareholders except as available to general exporter in India.

The goods and services are exported either on payment of IGST which are claimed as refund after the goods have been exported, or under bond or Letter of Undertaking (LUT) without payment of IGST.

In case of goods and services exported under bond or LUT, we claim refund of accumulated ITC on account of export.

Export incentives – Types and Benefits

**I. Export promotion schemes**

1. **RoDTEP:** The Remission of Duty or Taxes on Export Products (RoDTEP) scheme reimburses exporters for embedded central, state and local taxes and duties that were previously not rebated. Refunds are credited to an exporter's ledger account with customs and can be usedto pay customs duty on imports or transferred to other importers. Exporters who wish to avail of the rebate must declare their intention in the shipping bill. The scheme came into effect on January 1, 2021, and replaces the Merchandise Exports from India Scheme (MEIS), whose provisions were declared illegal by the WTO for not complying with its rules on exportsubsidies. However, exports to Special Economic Zones (SEZ), Export Oriented Unit (EOUs) and jobbing units (which process raw material or semi-finished goods) as well as exports made against Advance Authorisation (more on this later) are ineligible for benefits under RoDTEP. Rates for the scheme and the conditions under which it can be availed are yet to be notified. Taxes/duties covered include:

- Central/state taxes on fuel used to transport export products
- State electricity duty levied on manufacturing goods for export
- Coal cess
- Mandi tax, which is a market fee on the sale/purchase of farm produce and is charged by wholesale market bodies called Agricultural Produce Market Committees (APMCs)
- Toll tax
- Stamp duty on import-export documentation.

2. **Service Exports from India Scheme (SEIS):** Under this scheme, exporters of eligible services receive incentives in the form of duty credit scrips at a rate of 3%-7% of the net foreign exchange earned. These scrips can be used to pay customs duty on the import of inputs and central excise duties on local procurement of inputs. They are also transferable (can be passed on to another trader). To make an SEIS claim, an exporter must have an active Importer-Exporter Code (IEC) and minimum net foreign exchange earnings of $15,000. An application can be filed online with the DGFT.

3. **Merchandise Exports from India Scheme (MEIS):**

Under this scheme, exporters of notified goods to notified markets receive transferable duty credit scrips on the realised Free On Board (FOB) value of the export in free foreign exchange at rates of 2% to 7%. The scrips can be used to pay customs/central excise duties on inputs. E-commerce exports made via courier and international post are also eligible for rewards. The MEIS has been withdrawn as of January 1 because it violated WTO rules. It has been replaced by the RoDTEP scheme. For exports made between September 1, 2020, and December 31, 2020, the government has capped rewards at Rs 2 crore per exporter. Furthermore, no MEIS claim will be entertained for IECs obtained on/after September 1, 2020.

4. **Export Promotion Capital Goods (EPCG) Scheme:**

This scheme, according to the DGFT, aims "to facilitate import of capital goods [goods used to produce other goods] for producing quality goods and services and enhance India's manufacturing competitiveness". Under EPCG, capital goods for pre-production, production and post-production can be imported at 0% customs duty – the scheme is also called Zero Duty EPCG. The duty exemption also extends to integrated GST (IGST) and compensation cess. The scheme comes with an export obligation – the goods/services exported must be worth six times the value of duty saved and fulfilled within six years of the exporter's EPCG licence being issued. Domestic procurement of capital goods is allowed with a 25% less export obligation. This scheme is largely beneficial to exporters of engineering and electronic products, basic chemicals and pharmaceuticals, apparel and textiles, plastics, handicrafts, chemicals and allied products, leather and leather products. Service providers eligible for benefits include hotels, tour operators, taxi firms, logistics companies and construction firms.

**Note:**

For the purpose of reporting here, we have not considered the general tax benefits available to the Company or shareholders under the GST and neither any special tax benefits available to the Company or shareholders under the GST Act other than for the Issue.

**Notes:**

- Our views expressed in this statement are based on the facts and assumptions as indicated in the statement.
- 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.
- 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 or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- The above statement covers only certain special tax benefits under the Act, read with the relevant rules, circulars and notifications and does not cover any benefit under any other law in force in India. This statement also does not discuss any tax consequences, in the country outside India, of an investment in the shares of an Indian company.
- This statement has been prepared solely in connection with the Rights Issue under the Regulations as amended.

For and on behalf of the Board of Directors

Tembo Global Industries Limited
Name : Shabbir Huseni Merchant
Designation : CFO
Place: Navi Mumbai
Date: 18/07/2022

## SECTION IV – ABOUT OUR COMPANY

## OUR INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we, the Lead Manager or any of our or their respective affiliates or advisors nor any other person connected with Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources it believes to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect.*

**GLOBAL STEEL OVERVIEW**

Globally, the steel market after the end of Lunar holiday period in China is looking up. The stimulus measures by the governments appear to be the prime mover. The EU is in the midst of implementing $2.19-trillion recovery plan to lend support to the region as well as decarbonisation efforts of steel industry. An investment of $1.9 billion is planned on 55 rail infrastructure projects. A good volume of idle capacities in EU is coming back to action to serve the pick-up of demand in post-Covid market. There is a lot of discussion among member countries in EU on continuation of safeguard measures on steel imports.

Hopefully, the Chinese domestic demand from February onwards is likely to rise on the back of higher construction activity in housing and commercial areas. The stimulus measures by the Chinese government on infrastructure are continuing in railways, bridges, roads, flyovers coastal waterways and infra segments. The proposed cut in export rebate by China is making domestic market relatively more attractive for Chinese producers. In the coming months it may lead to firming up of Chinese export offers. Further, the rising steel production in China is supporting the current high prices of merchant iron ore. Chinese investment in developing infra in ASEAN markets is also helping to boost steel demand in these group of countries.

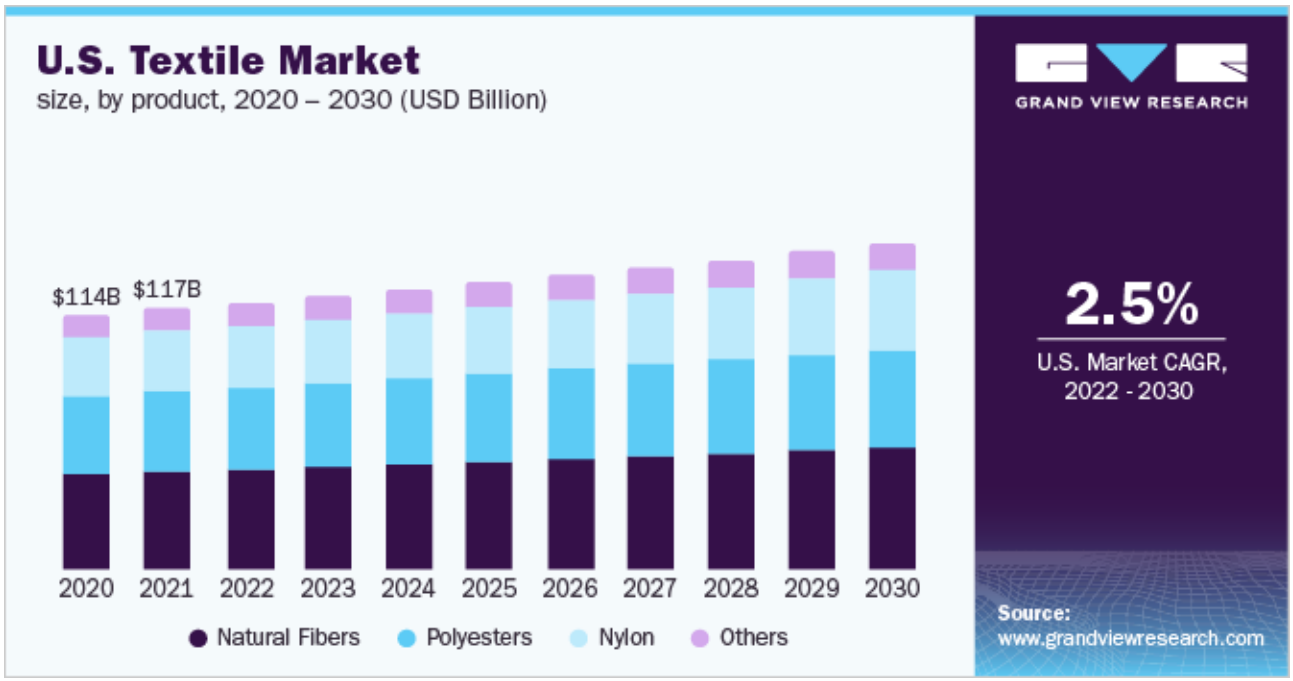
The Philippines has announced a massive $ 20.8 billion for public infrastructure. Indonesia is another country receiving Chinese investment in metal sector. In the US, the president is seeking approval on $1.9-trillion investment primarily for infra sector. It also includes one-off payments to individuals depending on various income levels. It is expected that it would lead to increased spending in the economy. However, the impact of higher infra investment is perceived to contribute to rejuvenate US construction and manufacturing sectors. Steel producers in the US are largely in favour of continuation of 25% duty on steel imports under Section 232 of US Trade Act.

It is, therefore, apparent that public/federal investment on infrastructure in the post-Covid scenario has been accepted as one of the major demand drivers in all developed and emerging economies, and India as the second-largest steel producer has rightly adopted similar capex enhancing measures in the annual budget for FY22. The total capex including IEBR of Rs 11.4 lakh crore for the next year would be spent on roads, railways, metro connectivity, industrial parks, industrial corridors, DFC, transportation of water, oil and gas, transmission towers, affordable housing.

**GLOBAL TEXTILE OVERVIEW**

The global textile market size was valued at USD 993.6 billion in 2021 and is anticipated to grow at a compound annual growth rate (CAGR) of 4.0% from 2022 to 2030. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market growth over the forecast period. The industry works on three major principles, designing, production, and

distribution of different flexible materials, such as yarn and clothing. Several processes, such as knitting, crocheting, weaving, and others, are largely used to manufacture a wide range of finished and semi-finished goods in bedding, clothing, apparel, medical, and other accessories.




The U.S. is anticipated to be the largest market in the North America region for textiles. It is one of the largest producers, raw cotton exporters, and top raw textile importers. Fashion is the largest application segment in the region owing to the fast-changing fashion trends due to increasing online fast fashion companies. There has been an increasing trend of smart textiles in the market that use optical fibers, metals, and various conductive polymers to interact with the environment. These help in detecting and reacting to various physical stimuli, such as mechanical, thermal, or chemical & electric sources. This is expected to propel the growth of the technical application segment in the market during the forecast period. Increasing consumer preference for sustainable products is forcing major companies to focus on restructuring their business and investing in manufacturing practices that target sustainable products.

For instance, DuPont's plant-based faux fur for performance fashion apparel and Eastman's usage of discarded carpet into new material is expected to open new growth avenues over the forecast period. The recent outbreak of coronavirus disease had acted as a restraint to the global market. Global trade restrictions due to disrupted supply chain and decline in textile product consumption amid lockdown had further negatively impacted the market. However, the market is expected to witness a strong recovery during the forecast period due to government support and increasing public awareness about effective precautionary measures.

(Source: https://www.grandviewresearch.com/industry-analysis/textile-market)

New Players: India, Vietnam and Bangladesh

According to the WTO, India is the third-largest textile manufacturing industry and holds an export value of more than USD 30 billion. India is responsible for more than 6% of the total textile production, globally, and it is valued at approximately USD 150 billion.

Vietnam exceeded Taiwan and ranked the world's seventh-largest textile exporter in 2019 ($8.8bn of exports, up 8.3% from a year earlier), the first time in history. The change also reflects Vietnam's efforts to continuously upgrade its textile and apparel industry and strengthen the local textile production capacity are paying off.

On the other hand, even though apparel exports from Vietnam (up 7.7%) and Bangladesh (up 2.1%) enjoyed fast growth in absolute terms in 2019, their gains in market shares were quite limited (i.e., no change for Vietnam and marginally up 0.3 percentage point from 6.8% to 6.5% for Bangladesh). This result indicates that due to capacity limits, no single country has yet emerged to become the "Next China." Instead, China's lost market shares in apparel exports were fulfilled by a group of Asian countries altogether.

The textile market has experienced a roller coaster ride over the last decade. Due to specific country recessions, crop damage, and lack of product, there has been a variety of issues that hinder the growth of the textile industry. The textile industry in the United States saw serious growth in the last half dozen years and has increased by 14% in that time. Although employment has not significantly grown, it has evened out, which is a large difference from the late 2000s when there were immense layoffs.

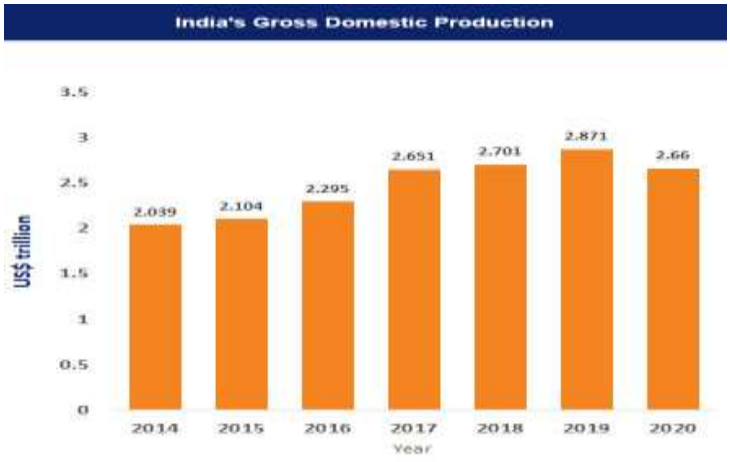
As of today, it is estimated anywhere between 20 million and 60 million people are employed in the textile industry worldwide. Employment in the garment industry is particularly important in developing economies such as India, Pakistan, and Vietnam. The industry accounts for approximately 2% of global Gross Domestic Product and accounts for an even greater portion of GDP for the world's leading producers and exporters of textiles and garments.

(Source: https://www.technologyhq.org/global-textile-industry-overview )

**INDIAN ECONOMIC OVERVIEW**

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

- India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 232.15 trillion (US$ 3.12 trillion) in FY22.
- India is the third-largest unicorn base in the world with over 100 unicorns with a total valuation of US$ 332.7 billion.
- 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.




**RECENT DEVELOPMENTS**

Recent economic developments in India are as follows:

- 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$ 5.8 billion across 117 deals in February 2022, 24% higher than in January 2022. Some of the important recent developments in the Indian economy are as follows:
- India's merchandise exports were at an all-time high of US$ 417.81 billion in FY22. In April 2022, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 54.7.

- The gross Goods and Services Tax (GST) revenue collection hit an all-time high of Rs. 1.68 trillion (US$ 21.73 billion) in April 2022. This is a 20% increase over the previous year.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US$ 572.80 billion between April 2000-December 2021.
- India's Index of Industrial Production (IIP) for January 2022 stood at 138.4 against 136.6 for January 2021.
- 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 Rs. 2.37 lakh crore (US$ 31.74 billion) to their accounts.

**ROAD AHEAD**

Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution Mr. Piyush Goyal, on January 21, 2022 said that Indian industry to raise 75 unicorns in the 75 weeks leading up to the country's 75th anniversary next year.

Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles Mr. Piyush Goyal said that India will achieve exports worth US$ 1 trillion by 2030.

India's electronic exports are expected to reach US$ 300 billion by 2025-26. This will be nearly 40 times the FY2021-22 exports (till December 2021) of US$ 67 billion.

As per the data published in a Department of Economic Affairs report, in the first quarter of FY22, India's output recorded a 20.1% YoY growth, recovering >90% of the pre-pandemic output in the first quarter of FY20. India's real gross value added (GVA) also recorded an 18.8% YoY increase in the first quarter of FY22, posting a recovery of >92% of its corresponding pre-pandemic level (in the first quarter of FY20). Also, in FY21, India recorded a current account surplus of 0.9% of the GDP. The growth in the economic recovery is due to the government's continued efforts to accelerate vaccination coverage among citizens. This also provided an optimistic outlook to further revive industrial activities.

As per RBI's revised estimates for July 2021, the real GDP growth of the country is estimated at 21.4% for the first quarter of FY22. The increase in the tax collection, along with the government's budget support to states, strengthened the overall growth of the Indian economy.

India is focusing on renewable sources to generate energy. It is planning to achieve 40% of its energy from non-fossil sources by 2030. 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 a shift in consumer behaviour and expenditure pattern, according to a Boston Consulting Group (BCG) report. It is estimated to surpass the 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 )

**INDIAN ENGINEERING AND CAPITAL GOODS INDUSTRY**

The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. India's engineering sector

has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to India's economy.

India, on its quest to become a global superpower, has made significant stride towards developing its engineering sector. The Government has appointed Engineering Export Promotion Council (EEPC) as the apex body in charge of promotion of engineering goods, products, and services from India. India exports transport equipment, capital goods, other machinery/equipment, and light engineering products such as castings, forgings, and fasteners to various countries of the world. The Indian semiconductor industry offers a high growth potential area because industries which source semiconductors as inputs are witnessing high demand.

India became a permanent member of the Washington Accord (WA) in June 2014. it is now a part of an exclusive group of 17 countries who are permanent signatories of the WA, an elite international agreement on engineering studies and mobility of engineers.

The Indian steel industry is classified into three categories - major producers, main producers and secondary producers.

**MARKET SIZE**

Electrical equipment market is forecasted to grow at 12% CAGR to reach US$ 72 billion by 2025 from US$ 48-50 billion in 2021. Electrical equipment export market is forecasted to reach US$ 13 billion by 2025, from US$ 8.62 billion in 2021.




The Indian machine tool production and consumption were estimated at Rs. 6,602 crore (US$ 879.38 million) and Rs. 12,036 crore (US$ 1.6 billion) respectively, in FY21.

Market size of textile machinery stood at Rs. 35,000 crores (US$ 5.4 billion) in 2021. Textile industry exports stood at Rs. 3,307 crores in 2020-21, as against Rs 2,556 crores achieved during 2019-20.

The boiler industry's market size stood at US$ 146 million in 2019 and is expected to grow at a CAGR of 6% to reach US$ 194 million by 2025. Export of boilers stood at US$ 106.53 million between April and November 2020, with around 72 million units exported.

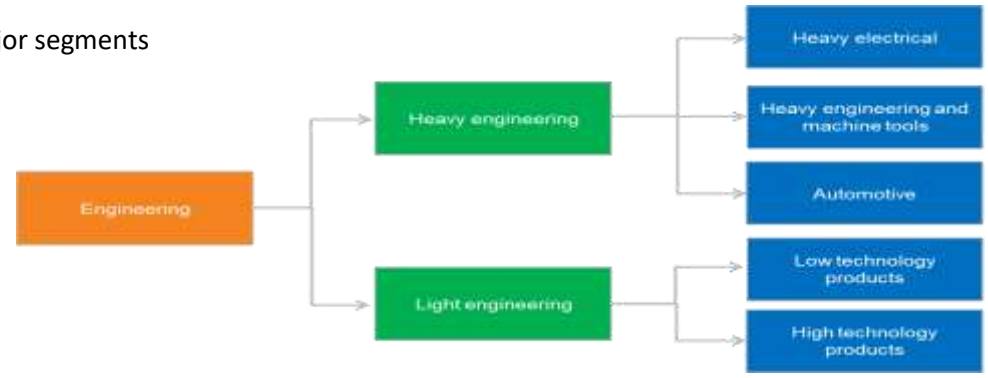
The market size of high voltage switchgear (including panels) and low voltage switchgear (including panels) stood at Rs. 4,793 crore (US$ 679.95 million). In 2021, between April and December, India exported engineering goods worth US$ 81.8 billion compared with the US$ 52.9 billion recorded in the same period in 2020. In December 2021, exports of engineering goods from India stood at US$ 9.7 billion, a 37% YoY growth.

India exports engineering goods mostly to US and Europe, which account for over 60% of the total export. Engineering exports were recorded at US$ 75.90 billion in April (FY20) and reached US$ 60.25 billion in January (FY21). The Index of Industrial Production (IIP) for the electrical equipment manufacturing industry stood at 111.3 in December 2021. The Index of Industrial Production (IIP) for the electrical equipment industry stood at 92.0 in FY21.

According to the National Association of Software and Service Companies (Nasscom), India's share in the global engineering and research and development (ER&D) market is likely to expand at a CAGR of 12-13% to reach US$ 63 billion by 2025.

**MARKET OVERVIEW**

Two major segments




**LIGHT ENGINEERING – KEY SEGMENTS**

### 1. Casting and forging

- India overtook US to become the second largest casting producer globally.
- The Indian foundry industry is producing around 12 million MT of various grades of castings as per international standards.
- The industry has a turnover of around US$ 19 billion with exports amounting to US$ 3.1 billion.
- Annual output of the Indian forging industry stood at 20 lakh MT in FY21 from around 400 forging units countrywide.

### 2. Medical and surgical equipment

- The medical and surgical equipment industry manufactures a wide range of medical equipment such as ECG and X-ray scanners.
- The indigenous industry caters to 40% of demand, while the remaining is met through imports.
- Export of drugs and pharmaceuticals stood at US$ 2.32 billion in December 2021.



### 3. Industrial fasteners

- The fasteners industry in India can be classified into high tensile and mild steel fasteners.
- Mild steel fasteners are primarily manufactured by the unorganised sector, while the high tensile steel segment is dominated by the organised sector.

**GOVERNMENT INITIATIVES**

The Indian engineering sector is of strategic importance to the economy owing to its intense integration with other industry segments. The sector has been de-licensed and enjoys 100% FDI. With the aim to boost the manufacturing sector, the government has relaxed the excise duties on factory gate tax, capital goods, consumer durables and vehicles.

- To increase the employability of engineering graduates in the country, Ministry of Human Resource Development is working along with Sector Skill Councils (SSCs) under National Skill Development Corporation (NSDC) to undertake apprenticeship/internship embedded degree programmes with a core focus on the development of knowledge, skills, aptitude and on-job training.

- The AICTE has entered into collaborations with the MSME ministry, NHAI and DM offices in 150 districts to facilitate engineering internships for students.

- In the Union Budget 2022-23, the government has given a massive push to the infrastructure sector by allocating Rs. 199,107 crore (US$ 26.52 billion) to enhance the transport infrastructure.

- The government expanded the 'National Infrastructure Pipeline (NIP)' to 9,318 projects worth US$ 2.23 trillion. As of February 2022, there are 2465 projects under development.

- Prime Minister Mr. Narendra Modi, on the country's 75th Independence Day, announced plans to invest Rs. 100 trillion (US$ 1.35 trillion) in infrastructure to stimulate economic development and generate employment.

- In October 2021, the Department of Telecommunications (DoT) approved 31 proposals totaling an investment of US$ 447 million over the next 4.5 years, as part of the PLI scheme for telecom and networking products manufactured in India.

- In October 2021, the Ministry of Textiles allowed pilot projects for application of geo-textiles in infrastructure projects.

- In September 2021, the government announced its PLI scheme of Rs. 10,683 crore (US$ 1.4 billion) for textiles, specifically aimed at boosting production of man-made fibre (MMF) fabric, MMF apparel and technical textiles.

- In September 2021, the Indian government announced a PLI scheme for automobiles and auto components worth Rs. 25,938 crore (US$ 3.49 billion). This scheme is expected to bring investments of Rs. 42,500 (US$ 5.74 billion) by 2026.

- In August 2021, Prime Minister Mr. Narendra Modi launched the Voluntary Vehicle-Fleet Modernisation Program (VVMP), also known as the Vehicle Scrapping Policy. The policy will bring in investments worth Rs. 10,000 crore (US$ 1.35 billion) to set up 450-500 Automated Testing Stations (ATS) and 60-70 Registered Vehicle Scrapping Facilities (RVSF) across the country. A single window clearance portal is being developed where applications for ATS and RVSF will be catered through a single portal within 60 days.

- The government is taking several steps to boost domestic defence manufacturing. In line with this, between FY17 and FY22 (until June 2021), the Indian government has signed 264 contracts for defence equipment procurement, with 159 contracts for armed forces equipment procurement.

- In April 2021, Under the Development cum Production Partner (DcPP) programme, Defence Research and Development Organisation (DRDO) allowed private sector firms to develop and produce missile systems, such as vertical launched surface and air missile system programmes, to promote the domestic defence industry.

- The Indian telecom equipment market is likely to increase owing to the government’s Rs. 12,195 crore (US$ 1.6 billion) PLI scheme approved for telecom gear manufacturing in February 2021.

- The National Infrastructure Pipeline (NIP) was launched in 2020 with estimated infrastructure investment of around Rs 111 lakh crore (US$ 1.48 trillion) between FY 2020-2025, which will drive demand for capital goods.

- In FY21, the Indian government constructed 12,205.25 km of National Highways. The daily average length of the national highways constructed during FY21 was 34 km per day.

- In FY21, Rs. 54.22 crore (US$ 7.30 million) was utilised under the scheme on ‘Enhancement of Competitiveness in the Indian Capital Goods Sector’.

- Government of India allocated over Rs. 80,250 crore (US$ 12.01 billion) for upgradation of 125,000 kms of rural roads under phase-III of the Pradhan Mantri Gram Sadak Yojana.

**ROAD AHEAD**

Turnover of the capital goods industry was estimated at US$ 92 billion in 2019 and is forecast to reach US$ 115.17 billion by 2025.

India’s engineering R&D market will increase from US$ 36 billion in FY19 to US$ 63 billion by FY25.

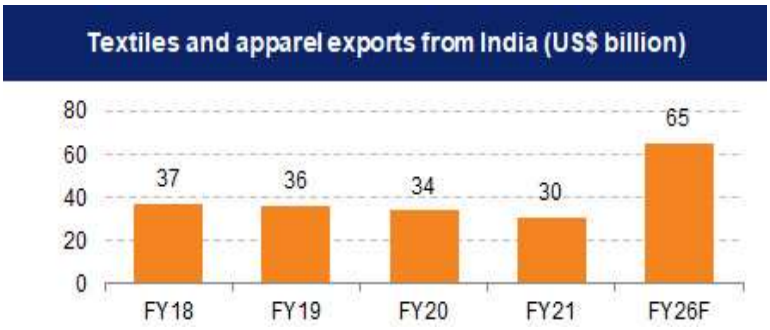
India needs Rs. 235 trillion (US$ 3.36 trillion) worth of investment in infrastructure in the next decade (2020-29). The export of engineering goods is expected to reach US$ 200 billion by 2030.

(Source: https://www.ibef.org/industry/engineering-india )

**INDIAN TEXTILE INDUSTRY**

India's textiles sector is one of the oldest industries in the Indian economy, dating back to several centuries.

The industry is extremely varied, with hand-spun and hand-woven textiles sectors at one end of the spectrum, with the capital-intensive sophisticated mills sector on the other end. The decentralised power looms/ hosiery and knitting sector forms the largest component in the textiles sector. The close linkage of textiles industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles makes it unique in comparison to other industries in the country. India's textiles industry has a capacity to produce a wide variety of products suitable for different market segments, both within India and across the world.




India's textiles industry has around 4.5 crore employed workers including 35.22 lakh handloom workers across the country. Exports of textiles (RMG of all textiles, cotton yarns/fabs/made-ups/handloom products, man-made yarns/fabs/made-ups, handicrafts excluding handmade carpets, carpets and jute mfg. including floor coverings) stood at US$ 29.8 billion between April-December 2021.

The Indian textiles market is expected to be worth more than US$ 209 billion by 2029. India is the world's largest producer of cotton. Production stood at 360.13 lakh bales for the crop year October 2021-September 2022. Domestic consumption for the 2021-22 crop year is estimated to be at 335 lakh bales.

Production of fibre in India reached 2.40 MT in FY21 (till January 2021), while that for yarn, the production stood at 4,762 million kgs during same period.

India's home textile exports grew at a healthy rate of 9% in FY21 despite the pandemic. In the year 2020-21, 1.13 million tonnes of cotton yarn were exported from India.

**GOVERNMENT INITIATIVES**

Indian government has come up with several export promotion policies for the textiles sector. It has also allowed 100% FDI in the sector under the automatic route. The Rs. 10,683 crore (US$ 1.44 billion) PLI scheme is expected to be a major booster for the textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products.

Other Initiatives taken by Government of India are:

- In March 2022, the Bihar government submitted a proposal to the Union Textiles Ministry to set up a mega hub under the PM Mitra Mega Textile Park.
- In March 2022, Tamil Nadu Chief Minister Mr. MK Stalin announced that the State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) will set up a mega textile park in the Virudhunagar district.
- Under the Union Budget 2022-23, the total allocation for the textile sector was Rs. 12,382 crores (US$ 1.62 billion). Out of this, Rs.133.83 crore (US$ 17.5 million) is for Textile Cluster Development Scheme, Rs. 100 crores (US$ 13.07 million) for National Technical Textiles Mission, and Rs. 15 crore (US$ 1.96 million) each for PM Mega Integrated Textile Region and Apparel parks scheme and the Production Linked Incentive Scheme.

- For the export of handloom products globally, Handloom Export Promotion Council (HEPC) is participating in various international fairs/events with handloom exporters/weavers to sell their handloom products in the international markets under NHDP.
- The Ministry of Textiles has also been implementing Handloom Marketing Assistance (HMA), a component of the National Handloom Development Programme (NHDP), all across India. HMA provides a marketing platform to the handloom weavers/agencies to sell their products directly to the consumers and develop and promote the marketing channel through organizing expos/events in domestic as well as export markets.
- In November 2021, Union Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated the desire to target a 3-5x time increase in the export of technical textiles worth US$ 10 billion over the next three years.
- The Indian government has notified uniform goods and services tax rate at 12% on man-made fabrics (MMF), MMF yarns, MMF fabrics and apparel, which came into effect from January 1, 2022.

**ACHIEVEMENTS**

Following are the achievements of the Government in the past four years:

- In June 2021, KVIC recorded a 7.71% growth in gross annual turnover to Rs. 95,741.74 crore (US$ 12.85 billion) from Rs. 88,887 crores (US$ 11.93 billion) in FY20.
- In CY2020, Cotton Corporation of India made a record procurement of ~ 151 lakh bales under MSP operations, which is ~ 290% higher than 38.43 lakh bales procured during the corresponding period last year.
- Under the Scheme for Integrated Textile Parks (SITP), 59 textile parks were sanctioned, out of which, 22 have been completed.
- Employment increased to 45 million in FY19 from 8.03 in FY15.
- Sangam India Ltd, one of the foremost producers in PV dyed yarn, cotton and OE yarn and also ready to stitch fabric, has installed two solar power plants of 5 MW that, on average, helps them to bring down their carbon footprint by at least 20% per annum. SIL also plans to increase the use of recycled fibre, leading to lesser consumption of plastic waste by using it as a raw material.

**ROAD AHEAD**

India is working on major initiatives, to boost its technical textile industry. Owing to the pandemic, the demand for technical textiles in the form of PPE suits and equipment is on rise. The government is supporting the sector through funding and machinery sponsoring.

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

The future of the Indian textiles industry looks promising, buoyed by strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market.

High economic growth has resulted in higher disposable income. This has led to rise in demand for products creating a huge domestic market.

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

## 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 21, 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 100 and 244, 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 Statement.*

**OVERVIEW**

Our Company was originally incorporated as SAKETH EXIM PRIVATE LIMITED at Mumbai, Maharashtra as a Private Limited Company under the provisions of Companies Act, 1956 vide Certificate of Incorporation dated June 16, 2010 bearing registration number 204331 issued by Registrar of Companies, Maharashtra, Mumbai. Subsequently, fresh certificate of incorporation dated December 19, 2017 on account of conversion from private company into public company was issued by Registrar of Companies, Maharashtra, Mumbai in the name of – SAKETH EXIM LIMITED. Further, fresh certificate of incorporation dated March 13, 2020 consequent to change of name was issued by Registrar of Companies, Maharashtra, Mumbai in the name of – "TEMBO GLOBAL INDUSTRIES LIMITED". Our Company was listed on Emerge Platform of National Stock Exchange of India Limited on August 13, 2018 vide listing and trading approval from National Stock Exchange of India Limited dated August 13, 2018. The Company was migrated to main board of National Stock Exchange of India Limited from Emerge platform of National Stock Exchange of India Limited vide listing and trading approval dated April 23, 2021. The Corporate Identification Number is L24100MH2010PLC204331

Tembo Global Industries is an Industrial Powerhouse, with a dominant presence in Manufacturing and Fabrication of Metal Products, used in Pipe Support Systems, Seismic Engineering, Acoustic, Fasteners, Anchors, HVAC, Anti Vibration System and Equipments for Industrial, Commercial, Utility and OEM Installation. We manufacture various engineering products, metal and base metal products like G. I. nuts, various types of bolts, clamps, hangers etc. Further our Product Portfolio includes all types of bathroom pipes, fittings, bathroom accessories and sanitary wares.

Our customers have access to the most comprehensive Support Systems offered in the industry. These include Pipe Hangers, HVAC, Anti Vibration System, Metal Framing, Cable Tray, Angle, Slotted Channels, Fasteners, Rubber Support Inserts, Threaded Rod, Anchors, I Beams, Torque Steel, ERW Steel Pipes.

We are certified by ISO 9001:2015 for manufacturing of various products i.e., UL and FM approved Pipe Hangers and Support Systems, Anti vibration products, Rubber support inserts, valves, S.S. Floor Drains. This certification confirms to the Quality Management System of our Company in relation to the manufacturing of various products.

Our Company exports its products to a variety of nations, including the United States and the Middle East, and serves a variety of sectors. We also have sales representatives with engineering expertise located throughout the Gulf, European and Asian Countries via our network of distributors for our client's convenience. We have a strong customer base both in India and abroad. These customers have been a part of our Company's success story, which we believe is largely due to our product quality and customer-centric attitude. For the products we make, we also have a strong customer base in India.

All our products are available in various materials and finishes which can be conducive to any project and requirements. We have various finishing coats like Zinc Coat finish, Electro-galvanized finish, Pre-galvanized zinc finish hot-dip galvanized after fabrication finish Zinc Flake Coating Plastic Coating Finish and red primmer

finish Our customers can choose from those wide range of customizations according to their needs and requirements.

Our Company also manufactured flanges in size ranges from ½" to 40". We have an integrated operation include facilities for cutting, forging, ring rolling and machining with CNC lathes, VMC (machining centre), high capacity forging press and mobile manipulator for making big diameter forged round bars. We also have an in-house heat treatment shop and well-equipped laboratory facilities for mechanical and metallurgical testing, PMI testing with X-ray and Optical emission spectroscopy also we have fully equipped radiation Contamination monitoring facilities.

Our Company also engages in textile goods trading. We deal in high-end shirting and finishing textiles. We order the exact demand from our suppliers and make the finished product available to our clients based on the requests we receive for textile items from our customers.

Our revenue from operations and Net Profit after tax for the financial year ending 2020-21 and 2021-22 are mentioned below in table:

₹ in Lakhs

| Particulars | Standalone | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | 2021-22 | 2020-21 | 2019-20 | 2021-22 | 2020-21 | 2019-20 |
| Revenue from Operations | 17,544.80 | 10,399.43 | 7872.67 | 17790.61 | 10,467.04 | 7872.67 |
| Profit after tax | 345.01 | 306.52 | 245.04 | 315.83 | 234.88 | 238.98 |

The following depicts the breakup of revenue, percentage-wise for financial year ended March 31, 2022 on the basis of Manufacturing and Trading segments.

| Segment wise revenue from operations | ₹ in Lakhs | % |
|---|---|---|
| Trading of Fabrics of and Textile Materials | ₹ 9,264.31 | 45.00% |
| Manufacturing of Engineering Products | ₹ 8,280.48 | 55.00% |
| **Total** | **₹ 17,544.80** | **100.00** |

**End-users of our Engineering Products:**

- Pipeline Engineering
- Oil & Gas - Upstream & Downstream
- Mechanical & Plant Engineering
- Ship Building Boiler and Pressure Vessels
- Fertilizer Industry
- Wastewater
- Chemical & Petrochemical
- Power Industries (nuclear, Natural Gas, Wind, Solar)
- Aerospace
- Food Processing

**OUR STRENGTHS**

- **Management with Significant Experience**

  Mr. Sanjay Patel, who has 39 years of experience, leads our Company. We have an experienced and competent management team with great execution skills and extensive industry knowledge. We have hired qualified technical and support personnel to oversee critical operations-related activities. In addition, our Company has entered into an agreement for the supply of job workers, with the labourers

hired being qualified for the job. We feel that our labourers' skill sets enable us to adapt to our clients' needs and assist us meet the technical criteria of the products we produce.

We believe that our diversified product portfolio allows us to scale new markets, offer more to our current customers and helps diversify amongst various geographies. This helps us in insulating ourselves from cyclical effects of the economy and from uncertain events.

- **Quality standards compliance and consistency in quality and service**

  To guarantee that our goods fulfil the appropriate requirements, we adhere to high quality standards in all of our production divisions. Our goods meet quality requirements, and our production facilities are ISO 9001:2015 certified, confirming that they meet the Quality Management System Standard.

- **UL and FM Approved Product range meeting with International Standards**

  Underwriter's Laboratory Inc. (U.S.A.) and FM Global Approved (U.S.A.) have certified our Company, and we have acquired UL and FM Approvals from Directors of North American Certification Programs and AVP, Manager-Fire Protection of FM Approvals, respectively. These certifications give global recognition for the products that have been certified by the authorities. The things we make must fulfil industry standards for design and quality. We take strict precautions to guarantee that these criteria are met in accordance with international standards. Our premises are subjected to regular audits to verify that the standards established are satisfied.

- **Customized Product Development**

  Our Company provides customisation services to all customers based on their individual needs and specifications. Our production teams concentrate on the specific needs of the client and create goods appropriately. This completely satisfies our clients and allows us to increase our business from existing consumers as well as reach a bigger network of prospective new customers.

- **Strong Customer Base**

  Our Company exports its products to various geographies such as USA and various countries in Middle East serving to various companies of several industries. We have a good customer base in India as well as internationally which includes international Companies like Technopro Middle East FZCO, HamatAlezz Trading Est., Bin Dasmal General Trading Co LLC., Al Sayed Center A/C & Refrigeration Materials etc. These customers have been a part of the growth story of our Company which we believe is essentially due to the product quality and customer centric approach of our Company. We also have a good customer base in India for the products manufactured by us.

- **Scalable Business Model**

  Our Business model is customer centric and order driven, and requires optimum utilisation of our existing facilities, assuring quality supply of raw materials and achieving consequent economies of scale. The business scale generation is basically due to development of new markets both domestic and international by exploring marketing expertise and by maintaining the consistent quality output. We believe that this business model has proved successful and scalable for our Company.

**OUR STRATEGIES**

- **Developing Our Brand**

Our strategy goal is to grow our brand's visibility in existing areas while also placing our brand in future markets that we want to enter. We plan to enhance our economies of scale as a result, so that we can design a brand extension strategy that will assist us in increasing our export market share, company growth, and profitability. Furthermore, we will employ an acceptable price strategy to entice both existing and new customers to purchase our branded items.

We aim to invest in creating and improving our brand image through brand development activities, communication and promotional initiatives such as media ads, participation in industry events and exhibits, and so on. This is a constant process that will improve the brand image, resulting in increased sales and profitability.

- **Enlightening production and product quality**

When it comes to any product or service, we feel that quality is essential. With so much competition in the market, a high-quality product at a cheap price has become the market differentiator for practically all products and services. We are always working to improve the quality of our goods by improving existing production methods and introducing new ones. We teach our personnel to create and deliver client-focused solutions on a continuous basis.

- **Introduce new products by leveraging our forward integration capabilities**

We consider that the forward and backward integration of our manufacturing facilities has resulted in cost savings and increased profitability. We want to further integrate our operations by introducing new and high-margin goods leveraging current trash and byproducts from our activities.

We intend to use our existing distribution network to advertise our new items. The introduction of new items will result in additional diversity of product lines, increased earnings, and further de-risking of our income sources.

- **Market diversification and expansion**

Our Company's products are sold both in the domestic and foreign markets. In terms of sub-geographic penetration and product/market diversification, the domestic market also provides potential. As part of its plan to limit market risk and broaden growth potential, our Company will strive to expand its marketing reach domestically in order to investigate hitherto unexplored areas and sectors. To expand its geographical reach, our Company will continue to investigate prospects in many nations where it can provide value-added goods.

- **Continue to prioritise cost-cutting measures in order to boost profitability and market share.**

We ought to focus on lowering our operating expenses, which we feel is crucial for maintaining profitable, by implementing cost-cutting initiatives and enhancing operational efficiency. We want to invest consistently in new infrastructure at our manufacturing sites and are looking at ways to gain synergies in our current plants. To enhance our market share, we want to acquire existing firms whose operations, resources, and skills complement and/or compliment ours.

- **Optimal Utilization of Resources:**

Our company is continuously striving to enhance our production and fabrication processes by utilising cutting-edge machine technology to maximise resource efficiency. We conduct monthly analyses of our existing raw material procurement and manufacturing/fabrication processes to detect and correct bottlenecks. This assists us in increasing efficiency and making the best use of resources.

**Details Of Our Business**

**Properties**

Registered Office

| Sr. No | Name of the Licensor | Address | Purpose |
|---|---|---|---|
| 1. | M.I.D.C | PAP-D 146/147-M.I.D.C, Turbhe Industrial Area, Opp - Balmer Lawrie Vann leer, Navi Mumbai, MH-400405 | Registered Office |

**Our Manufacturing Facilities & Others**

| Location of Properties | Nature of Ownership | Usage |
|---|---|---|
| **Unit 1:**<br>B, Badrinath, Tungareshwar Industrial complex -1, near Shiv Mandir Sativali village, Vasai (east) – 401208. | Leave and License | Manufacturing and Commercial |
| **Unit 2:**<br>APL House, Tungareshwar Industrial complex, SR No 1 H No. 8 on land bearing survey no. 62, Sativali village, Vasai (east) – 401208. | Leave and License | Manufacturing and Commercial |
| Survey no. 51/52, Hissa no. 1/1; 1, Village kashidkopar, Vasai – 401303. | Owned | Freehold Land |

**Our Products:**

Our Company has a varied product portfolio and a wide scope including jobbing, machining, manufacturing and fabrication of various engineering goods, steel products, nuts, bolts, various types of clamps, saddle hose clamps, various types of hangers, various types of Bolts etc. Further our product portfolio includes all types of bathroom pipes, fittings, bathroom accessories and sanitary wares. These products are used in the applications for Fire fighting, HVAC, MEP, Oil and Gas Industry, Fastener, Anti Vibration, Solar Mounting, Anchoring Solution Systems for industrial commercial, utility and OEM installation. Our products are certified and approved by Underwriter's Laboratory Inc. (USA) and FM Approval (USA) for fire sprinklers System Installations. All of our products are manufactured to meet and exceed industry standards set for their design and manufacture.

**Firefighting Solutions:**



**HVAC Solutions:**


U STRAP WITH LINING


THREADED ROD


PIPE COVERING SADDLE


U STRAP


STUD BOLTS


U BOLT WITH LINING


U BOLT


Drop in Anchor-Silver


Drop in Anchor-Gold


BEAM CLAMP

**MEP Solutions**


U STRAP WITH LINING


THREADED ROD


EASY FIX PIPE HANGER WITH EPDM LINING


U STRAP


STUD BOLTS


U BOLT WITH LINING


U BOLT


PIPE HANGER WITH EPDM LINING


PIPE HANGER WITHOUT LINING


PIPE HANGER WITH LINING-HEAVY DUTY

**Oil And Gas Industry Solutions**


CLEVIS HANGER


SPRINKLER HANGER WITH NUT


TWO BOLT PIPE CLAMPS


U STRAP


STUD BOLTS


RISER CLAMP


OFFSET PIPE CLAMP


PIPE ROLLER STAND


SPRING HANGER


CLOSED SPRING MOUNT

## Fastener Solutions


HEX NUT


U BOLT


THREADED ROD


COUPLING NUT


STUD BOLTS


DOUBLE CHANNEL CANTILEVER ARMS


SOCKET SCREWS


U BOLT WITH LINING


FLAT WASHER

## Anti - Vibration Solutions


RIBBED MOUNTING PAD


WAFFLE PADS


CORK SANDWICH PADS


RUBBER HANGER


TURRET MOUNT


METAL SANDWICH PADS


SINGLE ARC FLOATING FLANGE EXPANSION JOINT


INERTIA BASE


DUCT MOUNT


DOUBLE ARC FLOATING FLANGE EXPANSION JOINT

## Solar Mounting Solutions


MID CLAMP


END CLAMP


SPRING NUT


CONNECTORS


RAIL


BASE


ADJUSTABLE SOLAR MOUTING BRACKETS


L FOOT FOR METAL ROOF SOLAR MOUNTS


TILE HOOK


HOOK

**Anchoring Solutions**



WEDGE ANCHOR



DROP IN ANCHOR SILVER



DROP IN ANCHOR GOLD



DRAW IN ANCHOR

**Flanges:**



BLIND FLANGE



WELD NECK FLANGE



SLIP ON FLANGE



SOCKET WELD FLANGE

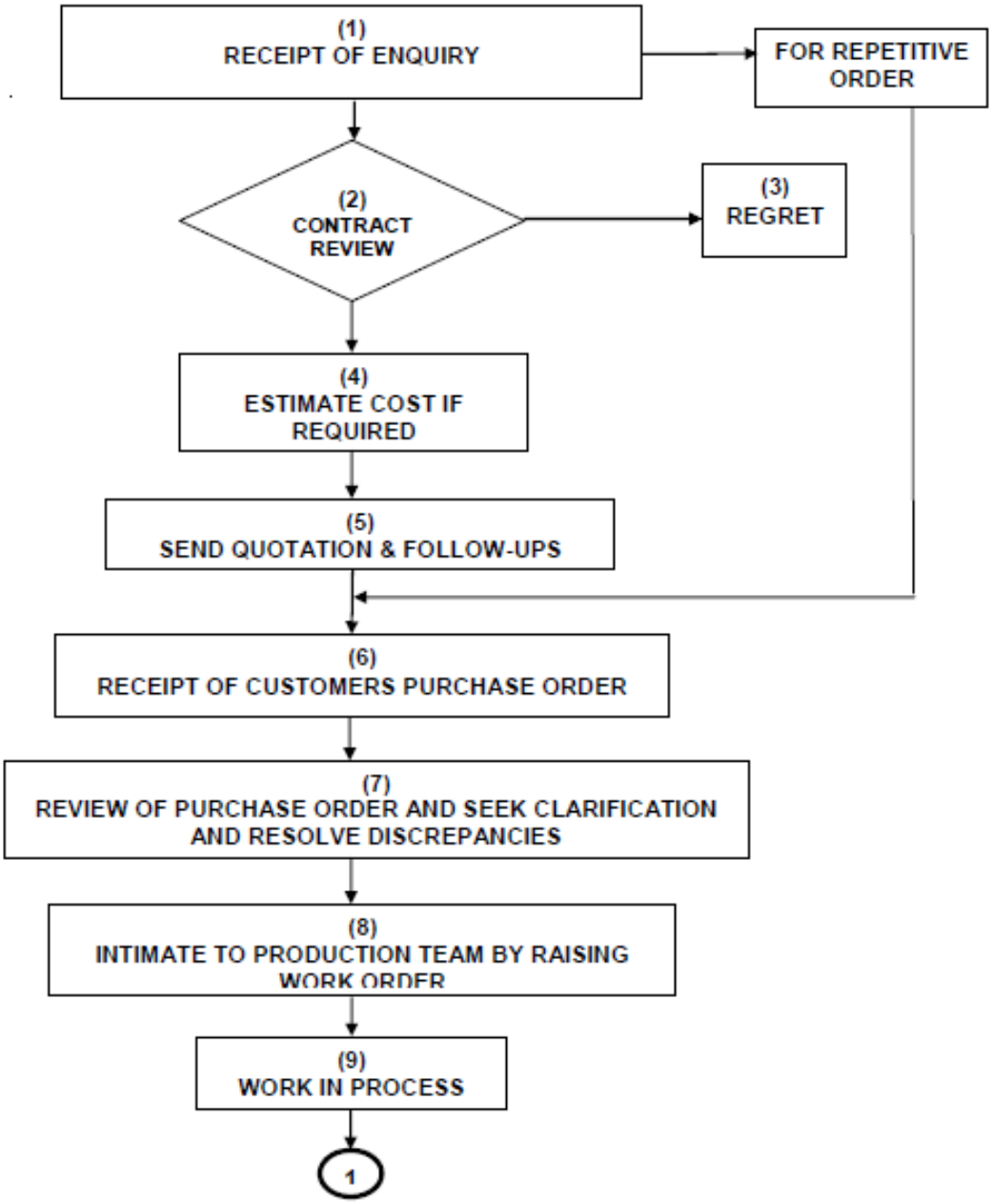


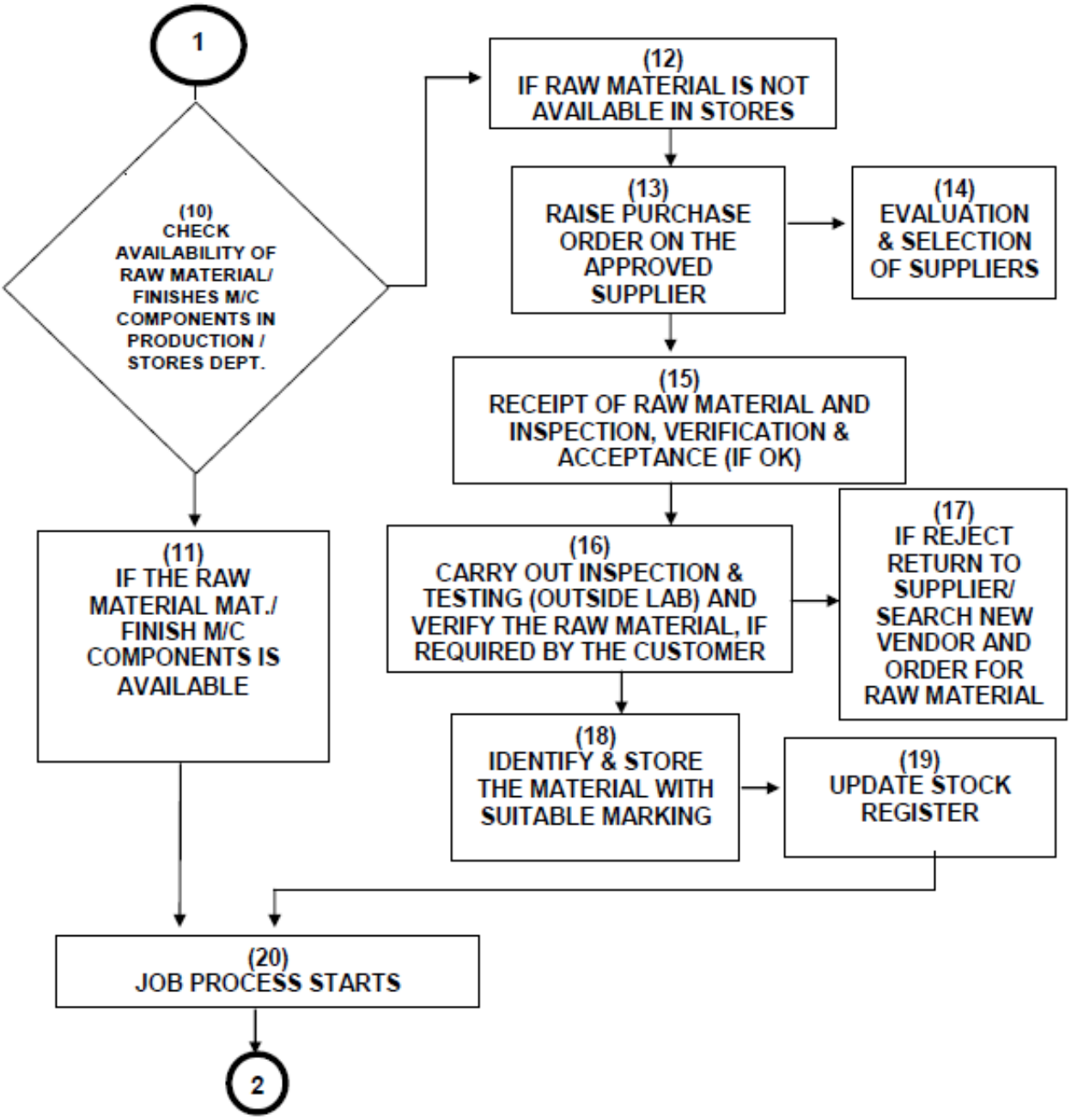
THREADED FLANGE

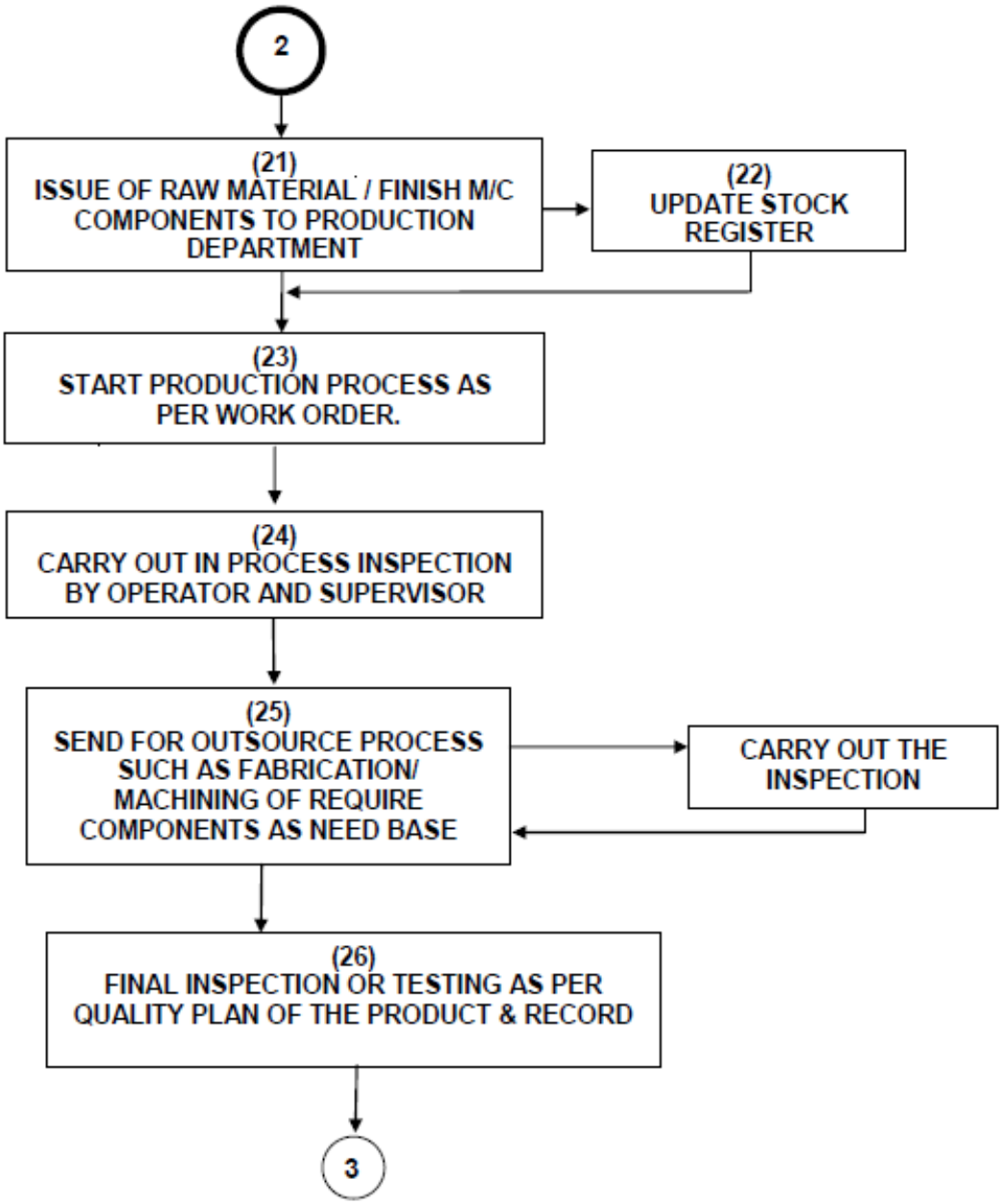


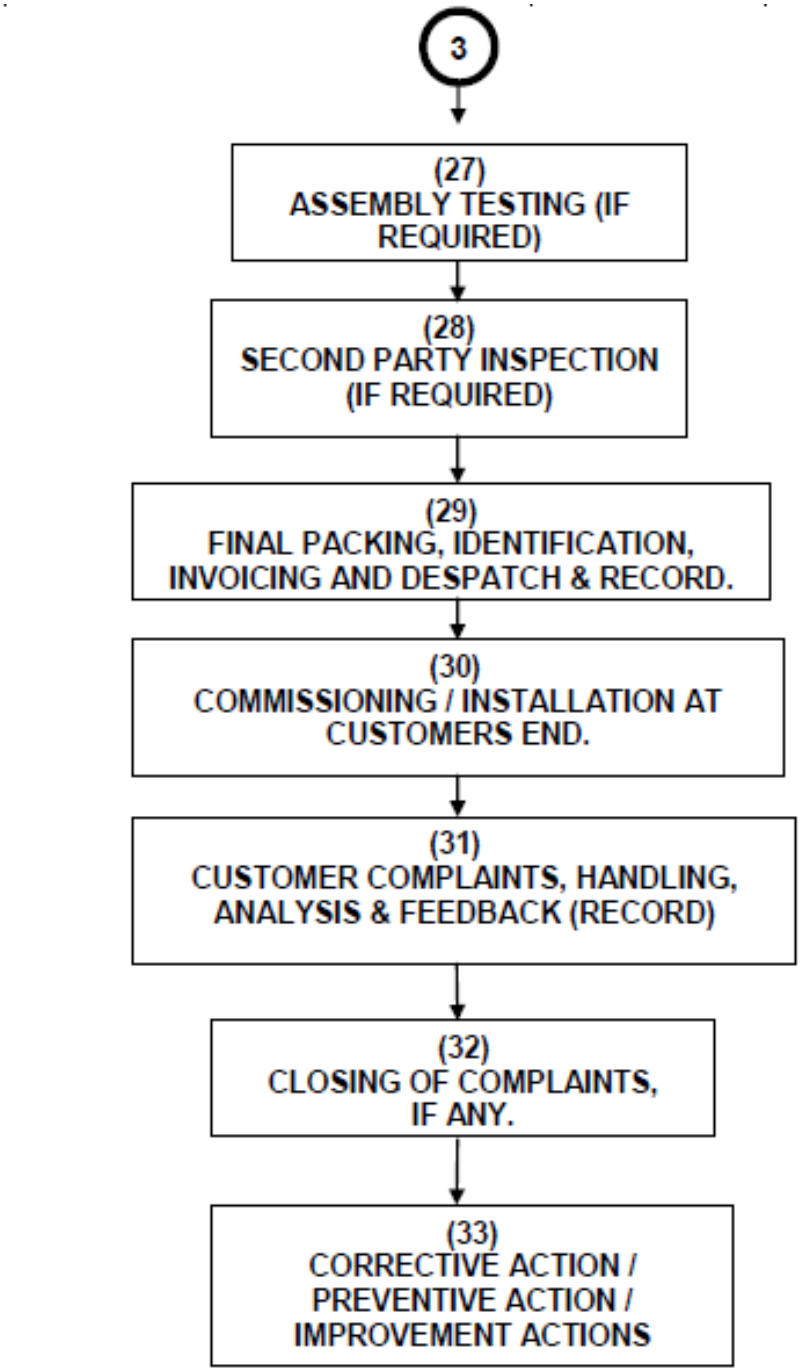
PLATE FLANGE

**Sequence of Business Process:**

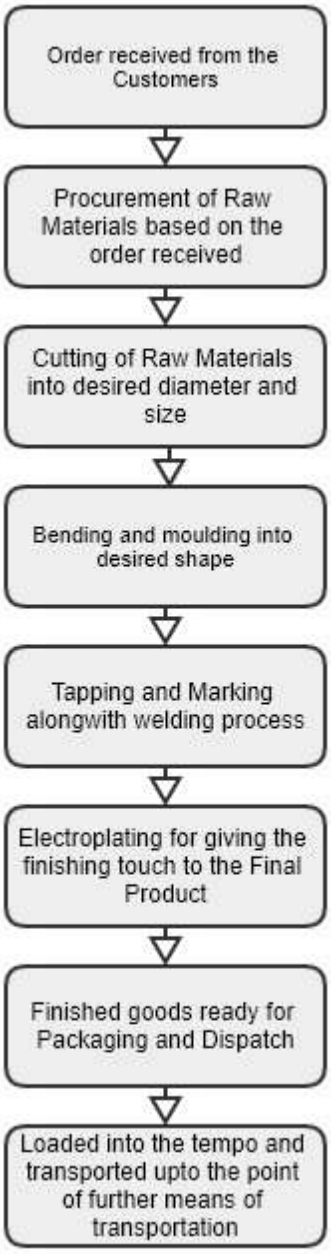



1
(10)
CHECK AVAILABILITY OF RAW MATERIAL/ FINISHES M/C COMPONENTS IN PRODUCTION / STORES DEPT.
(11)
IF THE RAW MATERIAL MAT./ FINISH M/C COMPONENTS IS AVAILABLE
(12)
IF RAW MATERIAL IS NOT AVAILABLE IN STORES
(13)
RAISE PURCHASE ORDER ON THE APPROVED SUPPLIER
(14)
EVALUATION & SELECTION OF SUPPLIERS
(15)
RECEIPT OF RAW MATERIAL AND INSPECTION, VERIFICATION & ACCEPTANCE (IF OK)
(16)
CARRY OUT INSPECTION & TESTING (OUTSIDE LAB) AND VERIFY THE RAW MATERIAL, IF REQUIRED BY THE CUSTOMER
(17)
IF REJECT RETURN TO SUPPLIER/ SEARCH NEW VENDOR AND ORDER FOR RAW MATERIAL
(18)
IDENTIFY & STORE THE MATERIAL WITH SUITABLE MARKING
(19)
UPDATE STOCK REGISTER
(20)
JOB PROCESS STARTS
2


2
(21)
ISSUE OF RAW MATERIAL / FINISH M/C COMPONENTS TO PRODUCTION DEPARTMENT
(22)
UPDATE STOCK REGISTER
(23)
START PRODUCTION PROCESS AS PER WORK ORDER.
(24)
CARRY OUT IN PROCESS INSPECTION BY OPERATOR AND SUPERVISOR
(25)
SEND FOR OUTSOURCE PROCESS SUCH AS FABRICATION/ MACHINING OF REQUIRE COMPONENTS AS NEED BASE
CARRY OUT THE INSPECTION
(26)
FINAL INSPECTION OR TESTING AS PER QUALITY PLAN OF THE PRODUCT & RECORD
3

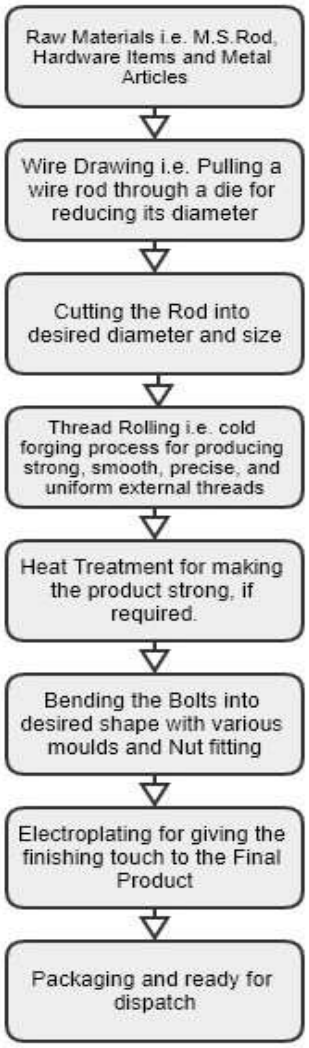

3
(27)
ASSEMBLY TESTING (IF REQUIRED)
(28)
SECOND PARTY INSPECTION (IF REQUIRED)
(29)
FINAL PACKING, IDENTIFICATION, INVOICING AND DESPATCH & RECORD.
(30)
COMMISSIONING / INSTALLATION AT CUSTOMERS END.
(31)
CUSTOMER COMPLAINTS, HANDLING, ANALYSIS & FEEDBACK (RECORD)
(32)
CLOSING OF COMPLAINTS, IF ANY.
(33)
CORRECTIVE ACTION / PREVENTIVE ACTION / IMPROVEMENT ACTIONS

**Business Process of Manufacturing of Steel Products:**

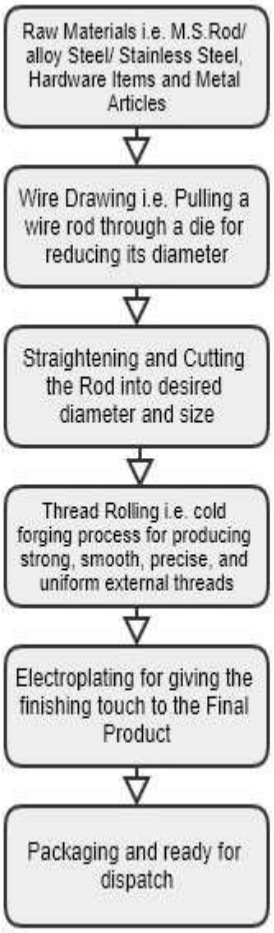


**Manufacturing Process of certain Major Products**

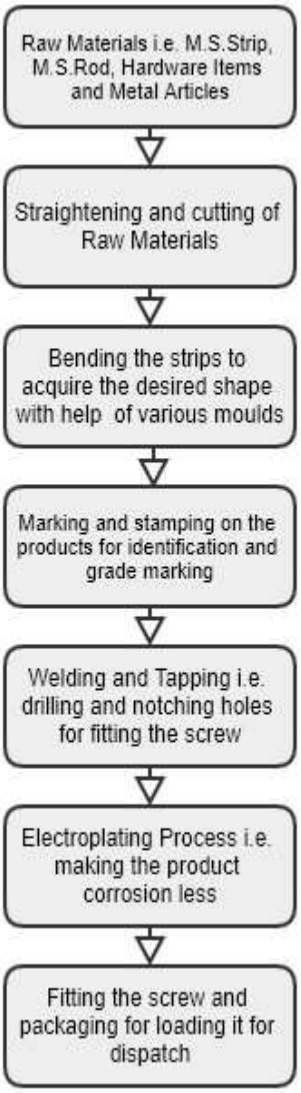
**Manufacturing Process of U Bolts**



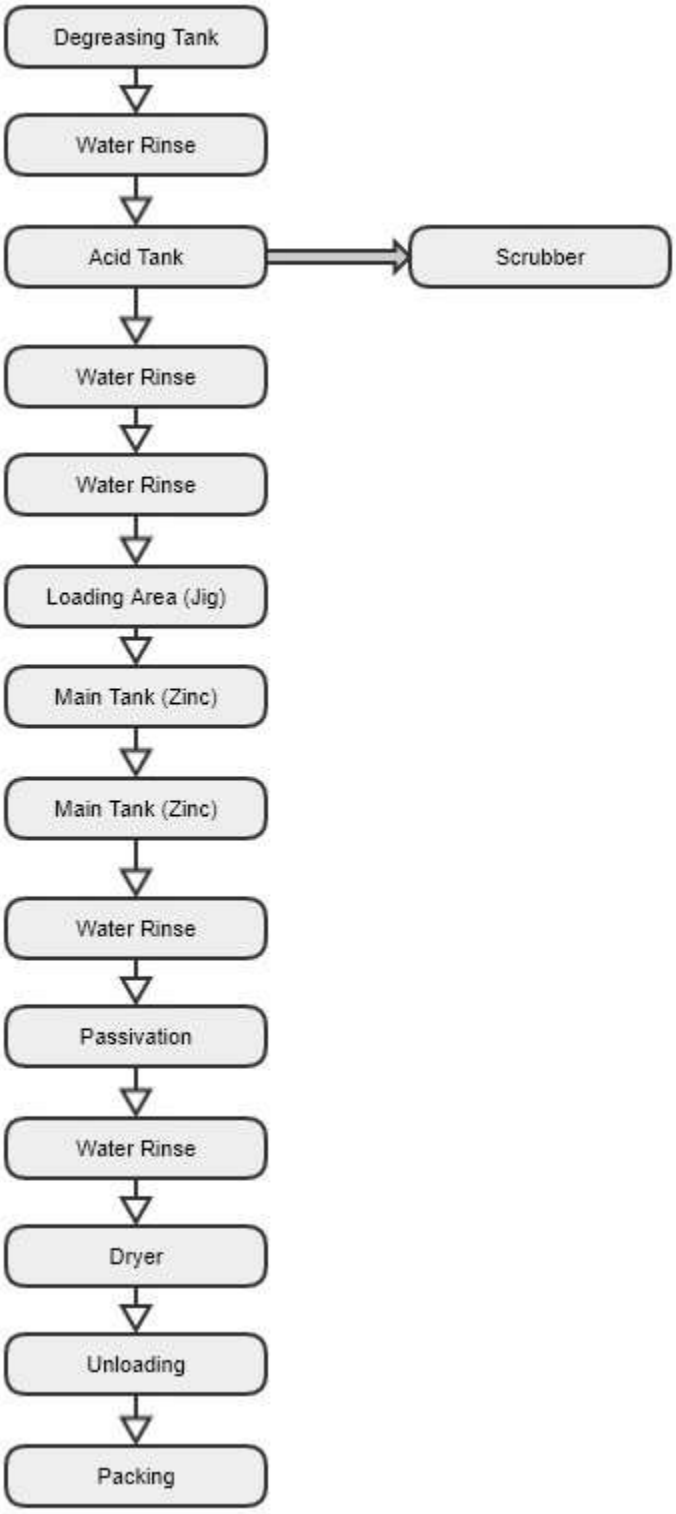

**Manufacturing Process of Threaded Rod**




**Manufacturing Process of Hangers**



**Electroplating Process:**




**Trading Business**

Our Company is even engaged in trading of textile products. We trade in fabric, fancy shirtings, suitings and completed textiles based on the needs of the customer. We order the exact demand from our suppliers and make the finished product available to our customers based on the orders received from them for textile items. The finished product is delivered straight to the end user from our supplier's location. We rely on a

few logistics service providers to transport textile items from the supplier's location to the ultimate buyer's location.




**Plant & Machinery**

The details of the Plant & Machinery as on June 30, 2022 are as follows:

**Unit No.1**

| Machine | Machine |
|---|---|
| Air Blower | Pillar type Drill machine |
| Arc Wedling Machine | Pneumatic Feeder |
| Bench Grinder | Power Press |
| Decoiler | Reciprocating Compressor |
| Decoiler with Strightner | Resistance Welding Machine |
| Hand Grinder | Surface Grinder |
| High Speed Tapping Machine | |

**Unit No. 2**

| Machine | Machine |
|---|---|
| Acid Flame Blower | High Speed Tapping Machine |
| Air Compressor for Nut Former | Hydraullic Machine |
| Air Compressor for Press | Infeed Threading Machine |
| Air Compressor for Rubber Cut | Knurling Machine |
| Air Compressor for Sandblasting | Lathe Machine |
| Air Compressor for Tapping | Nisha Bedning Machine |
| Arc Welding Machine | Nut Former 14b6ls |
| Arc Welding Machine | Pneumatic Feeder |
| Aro Filter | Power Press |
| Atlas Bedning Machine | Reciprocating Compressor |
| Barrel | Rectifier |

| Machine | Machine |
|---|---|
| Bench Grinder | Resistance Welding Machine |
| Bolt Head Former | Sandblasting Machine |
| Bolt Head Trimmer | Screw Header |
| Bolt Threading Machine | Screw Threading |
| Butt Welding Machine | Servo Feeder |
| Chamfer Machine | Surfacr Grinding Machine |
| Decoiler | Tank |
| Drill Machine | Throught Feed Threading Machine |
| Drill Machine | Two Spindle Tapping Machine |
| Drum Polish | Weighing Machine |
| Dryer | Wire Drawing Machine |
| Dual Nut Tapping Machine | Wire Straightning Machine |
| Four Spindle Tapping Machine | |

**Capacity and Capacity Utilization**

| Year ended | Fiscal 2022 | Fiscal 2021 | Fiscal 2020 |
|---|---|---|---|
| Installed Capacity in Units | 15,494,177 | 12,000,000 | 9932165 |
| Production Capacity in Units | 13,561,643 | 10,409,705 | 8,212,907 |
| Capacity Utilization In% | 87.53% | 86.75% | 82.69% |

**Utilities**

**Power & Fuel**

Our manufacturing unit has adequate power supply from Maharashtra State Electricity Distribution Co. Ltd.

**Water**

Water requirement for the manufacturing and allied processes is minimal and the same is procured locally from Bore-well/ Tanker.

**Waste Disposal Management**

The waste generated from the cutting process is generally sold as scrap. The leftover scrap which is very minimal considering the process of our manufacturing activities, are packed in a suitable manner and loaded in the dumpers/ tractors/ trucks etc. for the purpose of disposal.

**Export and Export Obligation**

There is no Export Obligation as on date of this Draft Letter of Offer**.**

**Environmental management / Health, Safety and Environment**

We are committed to protecting the health and safety of our employees and workers working in our factories. We have policies in place for health and safety for our workmen which have the following salient features:

- Compliance with relevant Safety and Statutory Regulations and Rules both in letter and in spirit
- Ensuring cleanliness of work place in compliance with the relevant regulations.
- Providing work force with helmets, gloves, aprons, face masks and other appropriate tools as required.
- Knowledge/instructions on work procedures and safety precautions.
- Conducting classes on safety, first aid training, fire fighting, mock drills etc.
- Ongoing assessment on the status of safety, health and environment at the work place and take appropriate measures to improve the same.

- Obligation and responsibility on every employee to perform the tasks ensuring complete safety.

**Corporate Structure**

The Company has so far entered into following joint Ventures:

| Name of the company | Date of incorporation/ Agreement | Relationship with the Company | Business activity of the company/Purpose of the agreement |
|---|---|---|---|
| Saketh Seven Star Industries Private Limited | October 09, 2019 | Associate | Job Work |
| Tembo Global LLC | July 01, 2020 | Joint Venture | Trading of goods |
| Northstar Technologies International Limited | July 20, 2022 | Associate | Business Activity – Information Technology software |

**Marketing Set-up**

Our Company makes sure that the quality of their products and services is excellent, which is why they were granted the orders. Our Company has a trained marketing staff that individually engages in the development of marketing strategies appropriate for the proper promotion of our products as well as the fabric and textile items we trade. Marketing plans are developed for both the domestic and international markets. Our Company has entered into Joint Venture agreement for Marketing of products with Tembo Global LLC.

**Repair and Maintenance**

To enhance production efficiency and eliminate unforeseen interruptions to our operations, we establish regular repair and maintenance plans for our manufacturing plants. We also conduct scheduled maintenance shutdowns on a regular basis. On an as-needed basis, our machinery and electrical repair teams perform day-to-day maintenance and repair of the production facilities and machinery. Furthermore, our production sites are examined on a regular basis by independent inspection organisations.

**Intellectual Property**

Our Company owns the following Trademark:

| Particulars of the mark | Word/Label mark | Applicant/Owner | Trademark/ Application No. | Class |
|---|---|---|---|---|
|  | Tembo seven star (Device of Hourse) | Saketh Exim Pvt Limited | 2268470 | 6 |

**Human Resource**

We believe that motivated and empowered employee base is the key to our operations and business strategy. We have developed a large pool of skilled and experienced personnel.

We employ 574 employees inclusive workers as on June 30, 2022.

| Sr. No. | Name of the Department | No. of Employees |
|---|---|---|
| 1 | Human Resources Department | 1 |
| 2 | Purchase Department | 6 |
| 3 | Account Department | 5 |
| 4 | Administration | 7 |
| 5 | Technical Department | 7 |
| 6 | Information Technology Department | 1 |
| 7 | Digital Marketing | 1 |
| 8 | Sales Department | 21 |
| 9 | House Keeping | 2 |

| Sr. No. | Name of the Department | No. of Employees |
|---|---|---|
| 10 | Production Department | 5 |
| 11 | Packaging Department | 4 |
| 12 | Store Department | 3 |
| 13 | Quality Department | 6 |
| 14 | Inspection Department | 4 |
| 15 | Workers | 501 |

**Competition**

There is increasing competition in the pipe support hanger & related metal industry as well as textile Industry. We face competition from both domestic and foreign players. This is an unorganised sector that is fragmented with numerous small and medium-sized enterprises and entities that create these items at various levels. Furthermore, we confront competition from the worldwide market because our Company's products are mostly exported.

Competition is mostly based on price, quality, and brand identity. As a result, in order to stay competitive in our markets, we must always try to cut our manufacturing, transportation, and distribution costs while improving our operating efficiency. Many of our current and potential competitors are large corporations with longer operating histories, stronger brand recognition, greater ability to influence industry standards, access to larger customer bases, and significantly more financial, sales and marketing, manufacturing, distribution, technical, and other resources than we do.

Moreover, we trade fabric and textile-related items. As a significant worldwide industry, textiles face competition from a variety of market competitors. The sector is generally fragmented and unstructured, with numerous small and medium-sized businesses and entities. We want to continue aggressively competing for additional market share and to manage our expansion in an effective manner.

We feel that the most important aspects influencing competitiveness in our industry are customer connections, reputation, the competencies of our management and operational team, and market focus. Our success is also dependent on our ability to grasp the preferences of our current and potential clients. Our expertise is in delivering timely executions while staying within quality constraints.

**Insurances**

We have obtained certain policies such as standard fire and special perils policy etc. These policies insure our building, furniture, fittings, electrical installation, office equipment, stationery, meter wires, cables, godowns, meeting rooms, building superstructure, any other office contents from earthquake, fire, shock, terrorism, etc. Although, we have taken appropriate insurance cover, there can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.

## OUR MANAGEMENT

### Our Board of Directors

Set forth below are details regarding our Board and Senior Management as on the date of this Draft Letter of Offer:

| Name, Designation, DIN, Date of Birth, Age, Occupation, Address, Nationality, Original date of appointment, and Period of Directorship | Other directorships in Companies |
|---|---|
| **JEHAN DARAYUS VARIAVA**<br>**Designation:** Chairman and Non- Executive Independent Director<br>**DIN:** 07825744<br>**Date of Birth:** September 07,1984<br>**Age:** 37 Years<br>**Occupation**: Business<br>**Address**: 504, Chokisheri, Nanpura, Surat, Gujarat-395001<br>**Nationality:** Indian<br>**Original Date of Appointment: December 26, 2017**<br>**Period of Directorship:** For a term of five years commencing from December 26, 2017 and not eligible for retire by rotation | • Tembo Exim Private Limited.<br>• Avilon Exim Private Limited |
| **JASBIR SINGH ANAND**<br>**Designation:** Non- Executive Independent Director<br>**DIN:** 08017248<br>**Date of Birth:** November 23, 1949<br>**Age:** 72 Years<br>**Occupation:** Retired<br>**Address: Building No**. B-10, Flat No. 202, Avantika Chs Kalpak Estate, Antop Hill Mumbai - 400037<br>**Nationality:** Indian<br>**Original Date of Appointment: December 26, 2017**<br>**Period of Directorship:** For a term of five years commencing from December 26, 2017 and not eligible for retire by rotation. | • Saketh Seven Star Industries Limited |
| **SANJAY JASHBHAI PATEL**<br>**Designation** Managing Director<br>**DIN:** 01958033<br>**Date of Birth:** June 05,1960<br>**Age:** 62 Years<br>**Occupation:** Business<br>**Address:** 143/4.Bhuva Cottage.1st Floor R.No.9, Indulal Bhuva Marg Sewree Wadala Mumbai-400031<br>**Nationality:** Indian<br>**Original Date of Appointment:** December 20, 2017<br>**Period of Directorship:** For a term of five years commencing from December 20, 2017. | • Saketh Seven Star Industries Limited<br>• Skygen Properties Private Limited |

| Name, Designation, DIN, Date of Birth, Age, Occupation, Address, Nationality, Original date of appointment, and Period of Directorship | Other directorships in Companies |
|---|---|
| **SHALIN SANJAY PATEL**<br>**Designation**: Executive Director<br>**DIN:** 08579598<br>**Date of Birth**: May 23,1995.<br>**Age**:27<br>**Occupation:** Business<br>Address: 143/4, Bhuva Cottege Indulal, Bhuva Marg, SIWS College, Wadala west , Mumbai 400031.<br>**Nationality:** Indian<br>**Original Date of Appointment: July 31, 2020.**<br>**Period of Directorship:** Eligible for retire by rotation. | • Brad & Stanley Kitchen Industries Private Limited<br>• Saketh Seven Star Industries Limited |
| **FATEMA SHABBIR KACHWALA**<br>**Designation:** Whole time Director<br>**DIN:** 06982324<br>**Date of Birth:** June 26,1983<br>**Age:** 39 Years<br>**Occupation:** Business<br>**Address:** B/408, Raj Mandir Chsl, Off Yari Road, Versova, Andheri West Mumbai Maharashtra 400061<br>**Nationality:** Indian<br>**Original Date of Appointment:** February 23, 2021<br>**Period of Directorship:** Not Eligible for retire by rotation. | Nil |
| **SMITA SANJAY PATEL**<br>**Designation:** Non- Executive Director<br>**DIN:** 00348305<br>**Date of Birth:** November 04,1960<br>**Age:** 62 Years<br>**Occupation:** Business<br>**Address:** 143/4, Bhuva Cottege Indulal, Bhuva Marg, SIWS College,Wadala west, Mumbai 400031<br>**Nationality:** Indian<br>**Original Date of Appointment:** May 28, 2022<br>**Period of Directorship:** Eligible for retire by rotation. | Nil |
| **Shabbir Huseni Merchant**<br>**Designation** Chief Finance Officer<br>**Date of Birth:** March 31,1979<br>**Age:** 43 Years<br>**Occupation:** Business<br>**Address:** B 405, Raj Mandir, off Yari road, Versova Andheri west Mumbai – 400061<br>**Nationality:** Indian<br>**Original Date of Appointment:** December 20, 2017 | • Saketh Seven Star Industries Limited<br>• Skygen Properties Private Limited<br>• Northstar Technologies International Limited |

**Confirmations**

None of our Directors is or was a director of any listed companies, whose shares have been or were suspended from being traded on any stock exchanges having nationwide terminals, during the five (5) years proceeding from the date of this Draft Letter of Offer, during their term of directorship in such company.

None of our Directors is or was, a director of any listed companies, which has been or were delisted from any stock exchange(s), during the ten (10) years proceeding from the date of this Draft Letter of Offer, during their term of directorship in such company.

**CORPORATE GOVERNANCE**

Our Company has complied with the requirements of corporate governance relating to the composition of its board of directors, constitution of committees such as audit committee, nomination and remuneration committee, stakeholders relationship committee, etc., as provided under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We have constituted the following committees of our Board of Directors for compliance with corporate governance requirements:

1. Audit Committee

2. Stakeholder's Relationship Committee

3. Nomination and Remuneration Committee

1. Audit Committee

The Audit Committee of our Board constituted by our Directors pursuant to section 177 of the Companies Act, 2013. The Audit Committee comprises of:

| Sr. No. | Name of the Director | Chairperson / Membership |
|---|---|---|
| 1 | Jehan D Variava | Chairperson |
| 2 | Jasbir A Singh | Member |
| 3 | Fatema S Kachwala | Member |

The scope of Audit Committee shall include but shall not be restricted to the following:

a. Oversight of the Issuer's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
b. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees;
c. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
d. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

• Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013

• Changes, if any, in accounting policies and practices and reasons for the same

• Major accounting entries involving estimates based on the exercise of judgment by management

• Significant adjustments made in the financial statements arising out of audit findings

• Compliance with listing and other legal requirements relating to financial statements

• Disclosure of any related party transactions

• Qualifications in the draft audit report

e. Reviewing, with the management, the half yearly financial statements before submission to the board for approval;
f. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer Document /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
g. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
h. Approval or any subsequent modification of transactions of the Company with related parties;
i. Scrutiny of inter-corporate loans and investments;
j. Valuation of undertakings or assets of the Company, wherever it is necessary;
k. Evaluation of internal financial controls and risk management systems;
l. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
m. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
n. Discussion with internal auditors any significant findings and follow up there on;
o. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
p. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
q. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
r. To review the functioning of the Whistle Blower mechanism;
s. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
t. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India. Explanation (ii): If the Issuer has set up an audit committee pursuant to provision of the Companies Act, the said audit committee shall have such additional functions / features as is contained in this clause.

*The Audit Committee enjoys following powers:*
a. To investigate any activity within its terms of reference;
b. To seek information from any employee;
c. To obtain outside legal or other professional advice;
d. To secure attendance of outsiders with relevant expertise if it considers necessary;
e. The audit committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the Issuer. The finance director, head of internal audit and a representative of the statutory auditor may be present as invitees for the meetings of the audit committee.

*The Audit Committee shall mandatorily review the following information:*
a. Management discussion and analysis of financial condition and results of operations;
b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;

c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
d. Internal audit reports relating to internal control weaknesses; and
e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit. The Company Secretary of the Company acts as the Secretary to the Committee.

*Meeting of Audit Committee*

The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there shall be a minimum of two independent members present. Since the formation of the committee, no Audit Committee meetings have taken place.

**2. Stakeholder's Relationship Committee**

The Shareholder and Investor Grievance Committee of our Board constituted by our Directors pursuant to section 177 of the Companies Act, 2013. The Shareholder and Investor Grievance Committee comprises of:

| Sr. No. | Name of the Director | Chairperson / Membership |
|---|---|---|
| 1 | Jasbir A Singh | Chairperson |
| 2 | Smita Patel | Member |
| 3 | Fatema S Kachwala | Member |
| 4 | Sanjay Patel | Member |

This committee will address all grievances of Shareholders/Investors and its terms of reference include the following:

a. Allotment and listing of our shares in future;
b. Redressing of shareholders and investor complaints such as non-receipt of declared dividend, annual report, transfer of Equity Shares and issue of duplicate/split/consolidated share certificates;
c. Monitoring transfers, transmissions, dematerialization, re-materialization, splitting and consolidation of Equity Shares and other securities issued by our Company, including review of cases for refusal of transfer/ transmission of shares and debentures;
d. Reference to statutory and regulatory authorities regarding investor grievances;
e. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
f. And to do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.
g. The Company Secretary of our Company acts as the Secretary to the Committee.

*Quorum and Meetings*

The quorum necessary for a meeting of the Stakeholders Relationship Committee shall be two members or one third of the members, whichever is greater. Since the formation of the committee, no Stakeholders Relationship Committee meetings have taken place.

### 3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of our Board was constituted by our Directors pursuant to section 178 of the Companies Act. The Nomination and Remuneration Committee currently comprises of:

| Sr. No. | Name of the Director | Chairperson / Membership |
|---|---|---|
| 1 | Jasbir A Singh | Chairperson |
| 2 | Smita Patel | Member |
| 3 | Jehan D Variava | Member |
| 4 | Taruna Patel | Member |

The scope of Nomination and Remuneration Committee shall include but shall not be restricted to the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
5. The Company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.

***Quorum and Meetings***

The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members, whichever is greater. The Committee is required to meet at least once a year.

The Company Secretary of our Company acts as the Secretary to the Committee.

**KEY MANAGERIAL PERSONNEL**

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Following are the Key Managerial Personnel of our Company:

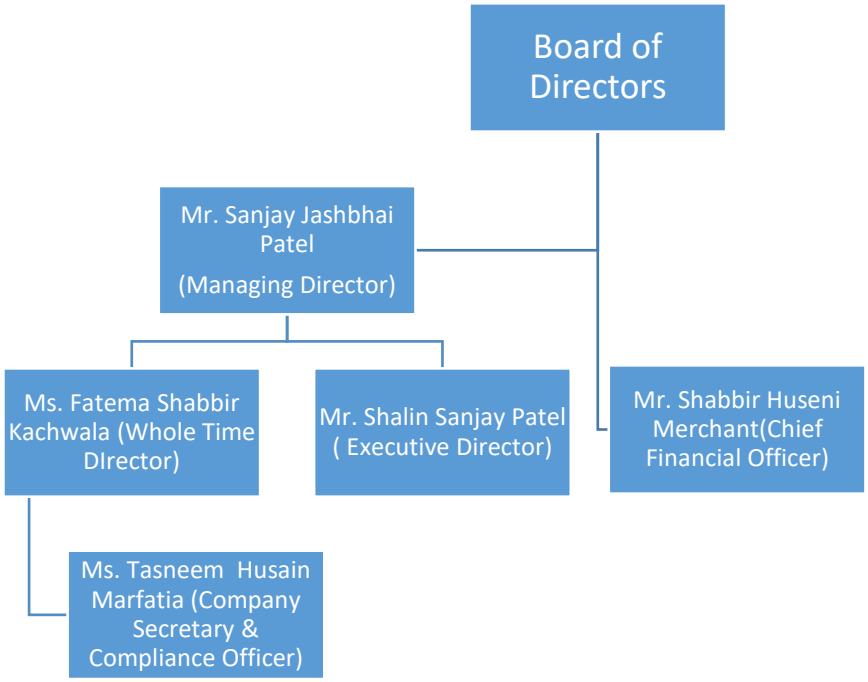
**Details of Key Managerial Personnel and senior management Personnel**

| Name of the KMPs | Designation |
|---|---|
| Mr. Sanjay Jashbhai Patel | Managing Director |
| Ms. Fatema Shabbir Kachwala | Whole Time Director |
| Mr. Shabbir Huseni Merchant | Chief Financial Officer |
| Mr. Shalin Sanjay Patel | Executive Director |
| Ms. Tasneem Husain Marfatia | Company Secretary &Compliance Officer |

**Relationship between Director and KMP**

None of the KMP's of our Company is related to each other as on the date of this Prospectus. Except Mr. Shabbir H Merchant, husband of Mrs. Fatema S Kachwala (Promoter) and Mr Shalin Patel son of Mr. Sanjay Patel.

**Management Organisation Structure:**



## OUR PROMOTER

The Promoters of our Company are:

1. Mrs. Fatema S Kachwala
2. Mr. Sanjay Patel
3. Mrs. Smita Patel
4. Mrs. Taruna Patel

**Mrs. Fatema S Kachwala**

Fatema Kachwala is wholetime director. She holds a degree of Post Graduate Diploma in International Business, Ness Wadia College of Commerce, Pune University. She has extensive experience in procurement of materials and in presenting products features to large audiences. Hardcore persuasion skill coupled with innovative product demonstrations secures continuous reasonable deals per month. Proven relationship building skills backed by Post Graduate Diploma in International Business.

**Mr. Sanjay Patel**

Mr. Sanjay J Patel is the Managing Director of the Company. He holds Bachelor's degree in Commerce from University of Bombay. He has more than 3 decades of rich and vast experience in trading, wholesaling, exports and imports of engineering goods, pipes, fittings, ropes, stationery, fabrics, ball-pens, pencil and general items including experience with Chimanlal Enterprises and working as a freelancer on commission basis. Currently, he looks after day-to-day functioning of our Company and plays a pivotal role in handling trading division purchase, finance and taxation departments of the Company.

**Mrs. Smita Patel**

Mrs. Smita S Patel is the Non-Executive Non Independent Director of our Company. She holds Bachelor's degree in Science from Sardar Patel University. She has more than 10 years of experience in the general administration department.

**Mrs. Taruna P Patel**

Mrs. Taruna P Patel, is the promoter shareholder of our Company. She holds Bachelor's degree in Commerce from Madhya Pradesh University. She has more than 10 years of experience in the field of human resource.

For details of other ventures of the Promoters, please refer section "*Our Management*" on page 91 and for details of shareholding please refer section "*Capital Structure*" on page 48.

## DIVIDEND POLICY

Under the Companies Act, 2013, our Company can pay dividends upon a recommendation by our Board of Directors and approval by a majority of the shareholders at the General Meeting. The shareholders of our Company have the right to decrease, not to increase the amount of dividend recommended by the Board of Directors. The dividends may be paid out of profits of our Company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. The Articles of Association of our Company also gives the discretion to our Board of Directors to declare and pay interim dividends.

Our Company does have formal dividend policy for the Equity Shares approve by the Board of Directors in their meeting held on March 13, 2020. The declaration and payment of dividend will be recommended by our Board of Directors and approved by the shareholders of our Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, applicable Indian legal restrictions and other factors considered relevant by our Board of Directors.

There are no dividends declared by our Company since incorporation except as mentioned below:

| Financial Year | Dividend recommended |
|---|---|
| 2019-20 | Rs. 1.5 per share |
| 2020-21 | Re. 1 per share |

## SECTION V – FINANCIAL INFORMATION

## FINANCIAL STATEMENTS


| S. No | Particulars | Page No. |
|---|---|---|
| 1. | Consolidated & Standalone Annual financial results for half year and year ended March 31, 2022 | 101-117 |
| 2. | Consolidated & Standalone Annual financial statements for year ended March 31, 2021 | 118-185 |
| 3. | Consolidated & Standalone Annual financial statements for year ended March 31, 2020 | 186 -239 |
| 4. | Standalone Annual financial statements for year ended March 31, 2019 | 240-272 |

**TEMBO GLOBAL INDUSTRIES LIMITED**
**(Formerly known as - Saketh Exim Limited)**
**Registered Office: Plot No, PAP-D-146-147,Turbhe MIDC,TTC Industrial Area Opp.Balmer Lawrie Van Leer Co,Turbhe Navi Mumbai - 400 705**
**Tel: 22 27620641 Website: www.sakethexim.com**
**CIN : L29253MH2010PLC204331**

**Statement of Audited Financial Results for the quarter and year ended March 31, 2022**

**(Rs. in Lakhs, Except EPS)**

| Sr No | Particulars | Standalone | | | | | Consolidated | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Quarter Ended | | | Year Ended | | Quarter Ended | | | Year Ended | |
| | | 31/03/2022 (Audited) | 31/12/2021 (Unaudited) | 31/03/2021 (Audited) | 31/03/2022 (Audited) | 31/03/2021 (Audited) | 31/03/2022 (Audited) | 31/12/2021 (Unaudited) | 31/03/2021 (Audited) | 31/03/2022 (Audited) | 31/03/2021 (Audited) |
| 1 | **Income From Operations** | | | | | | | | | | |
| | (a) Revenue from Operations | 5,478.37 | 4,401.91 | 4,041.18 | 17,325.99 | 10,381.43 | 5,414.66 | 4,401.91 | 4,094.76 | 17,592.75 | 10,450.67 |
| | (b) Other Income | 208.73 | 1.84 | 7.32 | 218.81 | 18.00 | 190.13 | 0.56 | 0.00 | 197.86 | 16.37 |
| | **Total Income from Operations** | **5,687.11** | **4,403.75** | **4,048.50** | **17,544.80** | **10,399.43** | **5,604.79** | **4,402.47** | **4,094.76** | **17,790.61** | **10,467.04** |
| 2 | **Expenditure** | | | | | | | | | | |
| | (a) Cost of Material Consumed | 890.52 | 1,534.67 | 1,284.44 | 5,460.57 | 3,489.41 | 855.51 | 1,534.67 | 1,365.14 | 5,540.56 | 3,545.99 |
| | (b) Cost of Traded goods | 3,249.74 | 2,245.46 | 1,781.75 | 8,676.62 | 4,054.90 | 3,249.74 | 2,245.46 | 1,781.75 | 8,848.20 | 4,054.90 |
| | (c) Changes In Inventories of Finished Goods, Work-in-Progess and Stock-in-trade | 340.79 | (497.57) | (160.01) | (615.81) | (186.00) | 340.79 | (497.57) | (160.01) | (615.81) | (186.00) |
| | (d) Employee Benefits expenses | 119.96 | 147.84 | 80.16 | 483.71 | 269.30 | 122.50 | 145.30 | 93.49 | 493.40 | 296.40 |
| | (e) Finance Costs | 23.63 | 153.75 | 89.98 | 353.00 | 232.77 | 19.86 | 155.80 | 90.96 | 356.22 | 240.16 |
| | (f) Depreciation and amotisation Expenses | 84.74 | 54.95 | 49.73 | 223.78 | 169.00 | 77.17 | 53.50 | 58.56 | 232.72 | 195.02 |
| | (h) Other expenditures | 555.78 | 558.76 | 715.10 | 2,504.24 | 1,960.88 | 534.44 | 548.69 | 674.92 | 2,505.81 | 1,986.11 |
| | **Total Expenses** | **5,265.14** | **4,197.87** | **3,841.16** | **17,086.12** | **9,990.26** | **5,200.00** | **4,185.85** | **3,904.81** | **17,361.10** | **10,132.58** |
| 3 | **Profit / Loss from Operations before Tax (1-2)** | **421.96** | **205.88** | **207.34** | **458.68** | **409.17** | **404.79** | **216.62** | **189.95** | **429.50** | **334.46** |
| 4 | **Tax Expense:** | | | | | | | | | | |
| | Current Tax | (111.00) | (9.00) | (73.00) | (120.00) | (124.00) | (111.00) | (9.00) | (73.90) | (120.00) | (124.90) |
| | Earlier Year Tax | - | - | 1.28 | | 1.28 | - | - | 1.28 | - | 1.28 |
| | Deferred Tax | 7.57 | (44.16) | 49.78 | 5.84 | 20.08 | 6.80 | (45.40) | 55.37 | 5.84 | 24.05 |
| 5 | **Profit/ (Loss) for the period from continuing operations** | **318.53** | **152.72** | **185.39** | **344.52** | **306.52** | **300.59** | **162.22** | **172.70** | **315.34** | **234.88** |
| 6 | **Other Comprehensive Income** | | | | | | | | | | |
| | Item that will not be reclassified to Profit or Loss | 0.65 | - | - | 0.65 | - | 0.65 | - | - | 0.65 | - |
| | Income Tax relating to items that will not be reclassified to Profit or Loss | (0.16) | - | - | (0.16) | - | (0.16) | - | - | (0.16) | - |
| 7 | **Total Comprehensive Income for the period** | **319.02** | **152.72** | **185.39** | **345.01** | **306.52** | **301.08** | **162.22** | **172.70** | **315.83** | **234.88** |
| 8 | Paid-up equity share capital (Face value Rs. 10/- per share) | 1,004.60 | 1,004.60 | 1,004.60 | 1,004.60 | 1,004.60 | 1,004.60 | 1,004.60 | 1,004.60 | 1,004.60 | 1,004.60 |
| 9 | **Earnings Per Share (In Rupees)** | | | | | | | | | | |
| | (of Rs 10/- each) (Not annualized) | | | | | | | | | | |
| | (a) Basic | 3.17 | 1.52 | 1.85 | 3.43 | 3.05 | 2.99 | 1.61 | 1.72 | 3.14 | 2.34 |
| | (b) Diluted | 3.17 | 1.52 | 1.85 | 3.43 | 3.05 | 2.99 | 1.61 | 1.72 | 3.14 | 2.34 |

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1. The above results have been reviewed by the Audit Committee and approved by the Board of Directors of the Company at their meeting held on 28th May 2022.

2. The financial result of the Company have been prepared in accordance with India Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act 2013 read with the Rule 3 of the Companies (Indian Accounting Standards) Rule, 2015 as Amended and in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 and SEBI Circular dated July 05, 2016. The Company has adopted Ind AS for the first time in the financial year commencing from April 01, 2021 with a transition date April 01, 2020.

3. Impact assessment - COVID-19, The Company has assessed the possible impact of COVID-19 on its financial statements based on the internal and external information available up to the date of approval of these financial results and concluded that no adjustments is required in these results (including carrying value of assets and liabilites). The Company continous to monitor the future economic conditions which may have have impact on Company's financial performance.

4. The Company's Equity shares were initially listed on the Small and Emerging (SME) Platform of National Stock Exchange (NSE) for which the company had to submit results on the half yearly basis as per the requirements of Securities Exchange Board of India (SEBI). The Company has now migrated to the main board of National Sotck Exchange (NSE) w.e.f. 23.04.2021, consequent to migration and in compliance of the SEBI Listing Obligation and Disclosures Requirements (LODR) 2015, the results for corresponding quarter ended March 31, 2021 have been restated and are extracted from books of accounts. However, the Management has exercised necessarry due diligence to ensure that the said Financial results provide true and fair view of the Company's affairs.

5. The Company has ceased to be the Holding Company of Saketh Seven Star Industries Private Limited w.e.f. 18th August 2021.

6. The Company operates in two business segment viz, Manufacturing of Engineering Products and Trading of Fabric and Textile Products as per Ind AS 108.

7. The Company has adopted Ind AS 116 - Leases using modified retrospective approch w.e.f. 01.04.2021.

8. The Board of Director have recommended dividend @10% (i.e Re. 1 per share of Rs.10/- each), Subject to approval of members of the company at the Annual General Meeting.

9. The figures for the current quarter ended 31st March 2022 are the balancing figures between year ended 31st March 2022 and unaudited results published for the nine months ended 31st December 2021.

10. Figures of the pervious period have been regrouped, whenever necessary, to correspond with the current period.

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| | STANDALONE | CONSOLIDATED |
|---|---|---|
| **Reconciliation of Profit / Loss** | **31.03.2021** | **31.03.2021** |
| Net Profit for the period as per Indian GAAP | 346.70 | 286.67 |
| Add/ (Less): Adjustments for Ind AS | - | - |
| a) Reclassification of actuarial gains arrising in respect of defined benefit plans | - | - |
| b) Transaction cost adjustment | (7.16) | (7.20) |
| c) Reversal of transaction costs | 12.88 | 13.18 |
| d) Lease adjustment | - | - |
| Amortisation on right of use assets | (44.08) | (55.70) |
| Finance charges on Lease liability | (8.15) | (12.22) |
| Lease rent expenses | (1.97) | (2.48) |
| Finance income on deposits | 1.81 | 2.23 |
| Reversal of rent expenses | 71.69 | 71.69 |
| e) Expected credit loss adjustments | - | - |
| f) Adjustment of forward contracts | 2.27 | 2.27 |
| g) Deferred revenue pertains to Ind AS 115 | (80.98) | (80.98) |
| Total Ind AS adjustments | (53.70) | (69.21) |
| Tax Effects on Ind AS adjustments | (13.52) | (17.43) |
| **Net Profit for the period as per Ind AS** | **306.52** | **234.88** |
| Other Comprehensive Income/(Expenses) | - | - |
| Items that will not be reclassified to profit or loss (net of tax) | - | - |
| **Total Comprehensive Income** | **306.52** | **234.88** |
| **Reconciliation of Other Equity** | | |
| **Particulars** | | |
| **Opening Balance as on April 01, 2020 as per Previous GAAP** | **1,587.69** | **1,581.62** |
| Add/(Less) : Adjustment for Ind AS | - | - |
| - Borrowing cost | 16.35 | 16.35 |
| - Tax impact on borrowing cost | (4.12) | (4.12) |
| **Opening Balance as on April 01, 2020 as per Ind AS** | **1,599.93** | **1,593.86** |
| **Balance as per Previous GAAP** | **1,356.64** | **1,334.97** |
| Add/(Less) : Adjustment for Ind AS | - | - |
| a) Reclassification of actuarial gains arrising in respect of defined benefit plans | - | - |
| b) Transaction cost adjustment | 22.07 | 22.33 |
| Tax Effects on Ind AS adjustments | (5.56) | (5.62) |
| c) Lease adjustment | 19.29 | 3.52 |
| Tax Effects on Ind AS adjustments | (4.86) | (0.89) |
| d)Expected credit loss adjustments | - | - |
| Tax Effects on Ind AS adjustments | - | - |
| e) Adjustment of forward contracts | 2.27 | 2.27 |
| Tax Effects on Ind AS adjustments | (0.57) | (0.57) |
| f) Deferred revenue pertains to Ind AS 115 | (80.98) | (80.98) |
| Tax Effects on Ind AS adjustments | 20.39 | 20.39 |
| Non Controlling Interest | - | (3.34) |
| **Balance as per Ind AS** | **1,328.69** | **1,292.08** |

**For Tembo Global Industries Limited**

SANJAY JASHBHAI PATEL

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Date: 2022.06.22 11:38:45 +05'30'

**Mr. Sanjay Patel**
**[Managing Director]**
**DIN: 01958033**
**Place: Navi Mumbai**
**Date: 28-05-2022**

**TEMBO GLOBAL INDUSTRIES LIMITED**
**(Formerly known as - Saketh Exim Limited)**
Registered Office: Plot No, PAP-D-146-147,Turbhe MIDC,TTC Industrial Area Opp.Balmer Lawrie Van Leer Co,Turbhe Navi Mumbai - 400 705,
Tel: 22 27620641 Website: www.sakethexim.com
CIN : L29253MH2010PLC204331

**STATEMENT OF AUDITED STANDALONE AND CONSOLIDATED ASSETS AND LIABILITIES AS ON 31st March 2022**

**(Amount in Rs. Lakhs)**

| Particulars | STANDALONE | | | CONSOLIDATED | | |
|---|---|---|---|---|---|---|
| | AS AT 31/03/2022 (Audited) | AS AT 31/03/2021 (Audited) | AS AT 01/04/2020 (Unaudited) | As at 31/03/2022 (Audited) | AS AT 31/03/2021 (Audited) | AS AT 01/04/2020 (Unaudited) |
| **ASSETS** | | | | | | |
| **1. Non-Current Assets** | | | | | | |
| (a) Property, Plant and Equipment | 1,942.13 | 1,646.53 | 666.92 | 1,952.57 | 1,734.61 | 666.92 |
| (b) Capital Work-In-Progress | 27.96 | 5.41 | 29.89 | 27.96 | 8.63 | 58.84 |
| (c) Intangible Assets | 70.35 | 54.11 | 6.46 | 70.35 | 56.26 | 6.46 |
| (d) Right of use asset | 6.53 | 26.72 | 70.80 | 6.53 | 48.99 | 104.69 |
| (e) Financial Assets | | | | | | |
| i. Loans | 43.49 | 39.75 | 5.22 | 75.00 | - | - |
| ii. Investments | 300.76 | 261.61 | 225.41 | 300.76 | 261.61 | 225.41 |
| iii. Other Financial Assets | 107.63 | 107.63 | 30.00 | 22.44 | 31.46 | 7.41 |
| (e) Deferred Tax Assets (Net) | 22.44 | 27.49 | 7.41 | - | - | - |
| (f) Other Non-Current Assets | 56.39 | 70.32 | 62.04 | 56.39 | 82.01 | 80.59 |
| **Total Non-Current Assets** | **2,577.67** | **2,239.58** | **1,104.15** | **2,511.99** | **2,223.58** | **1,150.33** |
| **2. Current Assets** | | | | | | |
| (a) Inventories | 2,652.29 | 1,899.34 | 1,301.88 | 2,769.22 | 2,001.16 | 1,301.88 |
| (b) Fianacial Assets | - | - | - | - | - | - |
| i. Trade receivables | 2,702.61 | 3,048.17 | 2,018.85 | 2,745.06 | 3,068.79 | 2,018.85 |
| ii. Cash and cash equivalents | 10.83 | 2.51 | 2.19 | 13.03 | 14.80 | 15.17 |
| iii. Loans | 45.57 | 20.71 | 15.58 | 45.57 | 20.71 | 15.58 |
| (c) Other current assets | 1,010.73 | 712.95 | 642.96 | 1,020.21 | 729.41 | 651.20 |
| **Total Current Assets** | **6,422.03** | **5,683.69** | **3,981.45** | **6,593.09** | **5,834.87** | **4,002.68** |
| **Total Assets** | **8,999.71** | **7,923.26** | **5,085.60** | **9,105.08** | **8,058.45** | **5,153.01** |
| **EQUITY AND LIABILITIES** | | | | | | |
| **1. Equity** | | | | | | |
| (a) Equity share capital | 1,004.60 | 1,004.60 | 502.30 | 1,004.60 | 1,004.60 | 502.30 |
| (b) Other equity | 1,545.49 | 1,328.69 | 1,599.93 | 1,495.60 | 1,292.08 | 1,593.86 |
| (c) Non Controlling Interest | - | - | - | 3.70 | 10.30 | - |
| **Total Equity** | **2,550.09** | **2,333.29** | **2,102.23** | **2,503.90** | **2,306.98** | **2,096.16** |
| **2. Liabilities** | | | | | | |
| **Non-Current Liabilities** | | | | | | |
| (a) Financial liabilities | | | | | | |
| i. Borrowings | 2,329.12 | 1,561.79 | 527.83 | 2,345.74 | 1,588.85 | 561.83 |
| ii. Lease Liability | 0.82 | 7.27 | 7.27 | 6.99 | 37.95 | 97.42 |
| (b) Provisions | 70.54 | 97.27 | 27.38 | 70.54 | 96.58 | 27.38 |
| (c) Employee benefit obligations | 3.70 | - | - | 3.70 | - | - |
| (d) Other non-current liabilities | - | - | - | - | - | - |
| **Total Non-Current Liabilities** | **2,404.18** | **1,666.34** | **562.47** | **2,426.97** | **1,723.39** | **686.62** |
| **Current Liabilities** | | | | | | |
| (a) Financial liabilities | | | | | | |
| i. Borrowings | 1,715.45 | 1,961.78 | 1,098.64 | 1,715.45 | 1,976.77 | 1,098.64 |
| ii. Lease Liability | 6.99 | - | 63.53 | 0.82 | 7.27 | 7.27 |
| iii. Trade payables | | | | | | |
| a) Total outstanding dues of micro enterprises and small enterprises | - | - | - | - | - | - |
| b) Total outstanding dues of creditors other than (a) above | 1,616.23 | 1,638.03 | 1,107.48 | 1,749.51 | 1,708.55 | 1,109.89 |
| iv. Other financial liabilities | 170.27 | 202.37 | 81.50 | 171.96 | 205.85 | 84.55 |
| (b) Short Term Provision | 44.26 | 37.72 | 29.81 | 44.26 | 37.72 | 29.81 |
| (c) Employee benefit obligations | 1.44 | - | - | 1.44 | - | - |
| (d) Other current liabilities | 490.79 | 83.73 | 39.93 | 490.79 | 91.93 | 40.06 |
| **Total Current Liabilities** | **4,045.44** | **3,923.63** | **2,420.90** | **4,174.22** | **4,028.08** | **2,370.23** |
| **Total Equity & Liabilities** | **8,999.71** | **7,923.26** | **5,085.60** | **9,105.08** | **8,058.45** | **5,153.01** |

**For Tembo Global Industries Limited**

SANJAY JASHBHAI PATEL
Digitally signed by SANJAY JASHBHAI PATEL
Date: 2022.06.22 11:38:59 +05'30'

**Mr. Sanjay Patel**
**[Managing Director]**
**DIN: 01958033**
**Place: Mumbai**
**Date: 28-05-2022**

(Formerly known as - Saketh Exim Limited)
Registered Office: Plot No, PAP-D-146-147,Turbhe MIDC,TTC Industrial Area Opp.Balmer Lawrie Van Leer Co,Turbhe Navi Mumbai - 400 705,
Tel: 22 27620641 Website: www.sakethexim.com
CIN : L29253MH2010PLC204331

AUDITED STANDALONE AND CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2022

(Amount in Rs. Lakhs)

| | Particulars | STANDALONE | | CONSOLIDATED | |
|---|---|---|---|---|---|
| | | Year ended March 31, 2022 | Year ended March 31, 2021 | Year ended March 31, 2022 | Year ended March 31, 2021 |
| | | Audited | Audited | Audited | Audited |
| A. | CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| | **Profit before tax** | 458.68 | 409.16 | 429.50 | 334.46 |
| | Adjustments for: | | | | |
| | Depreciation and amortisation | 223.78 | 169.00 | 232.72 | 195.02 |
| | Interest income | (9.72) | (13.92) | (5.51) | (11.87) |
| | Unwinding of discount on security deposit | (0.79) | (1.81) | (0.79) | (2.23) |
| | Unrealized foreign exchange (gain) / loss on operating activities | (151.05) | (2.27) | (151.05) | (2.27) |
| | Interest and finance charges | 353.00 | 232.77 | 356.22 | 240.16 |
| | **Operating profit before working capital changes** | **873.90** | **792.93** | **861.10** | **753.26** |
| | Adjustments for: | | | | |
| | Increase / (Decrease) in trade payables | (21.80) | 530.55 | 40.96 | 598.65 |
| | Increase / (Decrease) in other financial liabilities | (32.09) | 120.87 | (33.89) | 121.30 |
| | Increase / (Decrease) in current provision | 6.54 | 7.91 | 6.54 | 7.91 |
| | Increase / (Decrease) in employee benefit obligation | 5.14 | - | 5.14 | - |
| | Increase / (Decrease) in other current liabilities | 407.06 | 43.80 | 398.86 | 51.87 |
| | (Increase) / Decrease in trade receivables | 345.56 | (1,029.32) | 323.73 | (1,049.94) |
| | (Increase) / Decrease in inventories | (752.95) | (597.47) | (768.07) | (699.28) |
| | (Increase) / Decrease in loans | (28.59) | (39.67) | (24.86) | (5.14) |
| | (Increase) / Decrease in other current assets | (297.78) | (69.99) | (290.80) | (78.21) |
| | (Increase) / Decrease in other non-current assets | 13.93 | (8.28) | 25.62 | (1.42) |
| | | | - | | |
| | **Cash generated from operations** | **518.91** | **(248.67)** | **544.34** | **(300.99)** |
| | Taxes paid (net of refunds) | (152.64) | (52.69) | (152.64) | (54.49) |
| | **Net cash generated from operating activities** | **366.27** | **(301.36)** | **391.70** | **(355.48)** |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Purchase of tangible/intangible assets | (548.35) | (1,127.71) | (548.35) | (1,206.60) |
| | Disposal of Fixed Assets (Cessation of Subsidiary) | - | - | 110.30 | - |
| | Investment In Equity Shares | - | (77.63) | (75.00) | - |
| | **Net cash (used in) investing activities** | **(548.35)** | **(1,205.33)** | **(513.05)** | **(1,206.60)** |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Proceeds (Repayments) from Long Term Borrowings | 767.33 | 1,033.97 | 756.88 | 1,027.03 |
| | Proceeds (Repayments) from Short Term Borrowings | (246.33) | 863.14 | (261.32) | 878.12 |
| | Dividend Paid | (100.55) | (75.45) | (100.55) | (75.45) |
| | Lease Liabilities | 0.54 | (63.53) | (37.42) | (59.46) |
| | Finance Cost | (353.00) | (232.77) | (356.22) | (240.16) |
| | Interest Received | 161.57 | 18.00 | 157.35 | 16.37 |
| | Proceeds From Fresh Issue of Subsidiary Company | - | - | - | 25.45 |
| | Proceeds from Securities Premium | - | - | - | 26.00 |
| | **Net cash (used in) financing activities** | **229.54** | **1,543.36** | **158.72** | **1,597.91** |
| | **Net increase in cash and cash equivalents (A+B+C)** | 47.46 | 36.67 | 37.37 | 35.83 |
| | Cash and cash equivalents at the beginning of the year | 264.12 | 227.45 | 276.42 | 240.59 |
| | **Cash and cash equivalents at the end of the year** | **311.59** | **264.12** | **313.79** | **276.42** |
| | **Cash and cash equivalents comprise:** | | | | |
| | Cash on hand | 10.46 | 2.20 | 10.70 | 4.20 |
| | Balances with banks | 0.37 | 0.31 | 2.33 | 10.60 |
| | Demand deposits (less than 3 months maturity) | 300.76 | 261.61 | 300.76 | 261.61 |
| | **Total** | **311.59** | **264.12** | **313.79** | **276.42** |

**Note:** The above cash flow statement has been prepared under "Indirect Method" specified in Ind AS 7 on "Cash Flow Statements".

**For Tembo Global Industries Limited**

SANJAY JASHBHAI PATEL

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Date: 2022.06.22 11:39:18 +05'30'

**Mr. Sanjay Patel**
**[Managing Director]**
**DIN: 01958033**
**Place: Mumbai**
**Date: 28-05-2022**

**TEMBO GLOBAL INDUSTRIES LIMITED**
**(Formerly known as - Saketh Exim Limited)**
**Registered Office: Plot No, PAP-D-146-147,Turbhe MIDC,TTC Industrial Area Opp.Balmer Lawrie Van Leer Co,Turbhe Navi Mumbai - 400 705**
**Tel: 22 27620641 Website: www.sakethexim.com**
**CIN : L29253MH2010PLC204331**

**Audited Segment Wise Revenue, Results and Capital Employed for the quarter and year Ended 31st March 2022**

(Amount in Rs. Lacs)

| Segment Results | STANDALONE | | | | | CONSOLIDATED | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Quarter Ended | | | Year Ended | | Quarter Ended | | | Year Ended | |
| | 31/03/2022 (Audited) | 31/12/2021 (Unaudited) | 31/03/2021 (Audited) | 31/03/2022 (Audited) | 31/03/2021 (Audited) | 31/03/2022 (Audited) | 31/12/2021 (Unaudited) | 31/03/2021 (Audited) | 31/03/2022 (Audited) | 31/03/2021 (Audited) |
| **Segment Revenue** | | | | | | | | | | |
| a) Manufacturing of Engineering Products | 2,014.74 | 1,995.43 | 2,211.94 | 8,280.48 | 6,229.71 | 1,759.99 | 2,166.56 | 2,258.21 | 8,353.86 | 6,297.32 |
| b) Trading of Fabrics of and Textile Materials | 3,672.37 | 2,408.32 | 1,836.56 | 9,264.31 | 4,169.72 | 3,844.80 | 2,235.90 | 1,836.56 | 9,436.75 | 4,169.72 |
| **Net Sales/Income from Operations** | **5,687.11** | **4,403.75** | **4,048.50** | **17,544.80** | **10,399.43** | **5,604.79** | **4,402.47** | **4,094.76** | **17,790.61** | **10,467.04** |
| **Segment Results** | | | | | | | | | | |
| a) Manufacturing of Engineering Products | 2.41 | 321.38 | 224.40 | 328.04 | 561.11 | (19.39) | 335.02 | 208.00 | 301.23 | 493.78 |
| b) Trading of Fabrics of and Textile Materials | 443.18 | 38.25 | 72.92 | 483.64 | 80.84 | 444.04 | 37.39 | 72.92 | 484.50 | 80.84 |
| **Total** | **445.59** | **359.63** | **297.32** | **811.68** | **641.94** | **424.65** | **372.42** | **280.92** | **785.73** | **574.62** |
| Less : Finance Cost | (23.63) | (153.75) | (89.98) | (353.00) | (232.77) | (19.86) | (155.80) | (90.97) | (356.22) | (240.16) |
| **Profit/(loss) after finance cost but before exceptional items** | **421.96** | **205.88** | **207.34** | **458.68** | **409.17** | **404.79** | **216.62** | **189.95** | **429.50** | **334.46** |
| Exceptional Items (Net) | - | - | - | - | - | - | - | - | | - |
| **Total Profit/(Loss) before tax** | **421.96** | **205.88** | **207.34** | **458.68** | **409.17** | **404.79** | **216.62** | **189.95** | **429.50** | **334.46** |
| **Capital Employed** | | | | | | | | | | |
| **Segment Assets** | | | | | | | | | | |
| a) Manufacturing of Engineering Product | 7,053.85 | 7,053.18 | 5,813.67 | 7,053.85 | 5,813.67 | 7,159.22 | 7,177.61 | 5,941.17 | 7,159.22 | 5,941.17 |
| b) Trading of Fabrics of and Textile Materials | 1,945.86 | 1,279.28 | 2,117.28 | 1,945.86 | 2,117.28 | 1,945.86 | 1,279.28 | 2,117.28 | 1,945.86 | 2,117.28 |
| **Segment Liabilities** | | | | | | | | | | |
| a) Manufacturing of Engineering Products | 5,600.79 | 5,538.63 | 4,779.12 | 5,600.79 | 4,779.12 | 5,752.36 | 5,716.56 | 4,932.94 | 5,752.36 | 4,932.94 |
| b) Trading of Fabrics of and Textile Materials | 848.82 | 440.61 | 818.53 | 848.82 | 818.53 | 848.82 | 440.61 | 818.53 | 848.82 | 818.53 |
| **Capital Employed** | | | | | | | | | | |
| **(Segment Assets - Segment Liabilities)** | | | | | | | | | | |
| a) Manufacturing of Engineering Products | 1,453.05 | 1,514.55 | 1,034.55 | 1,453.05 | 1,034.55 | 1,406.86 | 1,461.05 | 1,008.23 | 1,406.86 | 1,008.23 |
| b) Trading of Fabrics of and Textile Materials | 1,097.04 | 838.67 | 1,298.75 | 1,097.04 | 1,298.75 | 1,097.04 | 838.67 | 1,298.75 | 1,097.04 | 1,298.75 |
| **Total** | **2,550.09** | **2,353.22** | **2,333.29** | **2,550.09** | **2,333.29** | **2,503.90** | **2,299.72** | **2,306.98** | **2,503.90** | **2,306.98** |

**For Tembo Global Industries Limited**

SANJAY JASHBHAI PATEL
Digitally signed by SANJAY JASHBHAI PATEL
Date: 2022.06.22 11:39:36 +05'30'

**Mr. Sanjay Patel**
**[Managing Director]**
**DIN: 01958033**
**Place: Navi Mumbai**
**Date: 28-05-2022**

# TEMBO GLOBAL INDUSTRIES LIMITED

[ FORMERLY KNOWN AS - SAKETH EXIM LTD. ]

**Regd. Off.:** Plot No. PAP - D 146 - 147, Turbhe MIDC, TTC Industrial Area, Opp. Balmer Lawrie Van Leer Co. Turbhe, Navi Mumbai - 400 705, Maharashtra - INDIA. **Tel.:** +91 - 022 - 27620641 / 27620642 / 27620643. **Fax:** +91 - 022-27620623. **GST No.-** 27AAPCS4498C1ZV
**CIN -** L29253MH2010PLC204331 **Email:** info@sakethexim.com / info@tembousa.us **Web:** www.sakethexim.com / www.tembousa.us


To,
National Stock Exchange of India Ltd.
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Date: - 28/05/2022

Dear Sir / Madam,

**Sub: Declaration pursuant to Regulation 33(d) of the SEBl (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.**

I, Sanjay Jashbhai Patel, Managing Director of Tembo Global Industries Limited (CIN: L29253MH2010PLC204331) ("the Company"), hereby declare that M/s. R. A. Maru & Associates, Chartered Accountants, (FRN: 141914W), the Statutory Auditors of the Company have issued an Limited Audit Report with unmodified opinion on the Audited financial result (standalone and consolidated) of the Company for the Year and Quarter ended 31st March, 2022. This declaration is given pursuant to Regulation 33(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended read with circular number ClR/CFD/CMD/SB/ZOlS dated May 27, 2016.

Kindly take note of the above.

Thanking you,

Yours faithfully,

For Tembo Global Industries Limited

TEMBO GLOBAL INDUSTRIES LIMITED NAVI MUMBAI

Mr. Sanjay Jashbai Patel
Managing Director
Place: Mumbai

**R A MARU & ASSOCIATES**
Chartered Accountants
C/4, Khandwala Apartments CHSL, Vakola Pipe Line,
Gaodevi, Santacruz (East), Mumbai - 400 055.
Phone : 022 - 2268 0488 • Mob.: 80803 94548 / 83695 14810
E-mail : carumeetmaru@gmail.com

In Reply Please Quote

## Independent Auditor's Report on Standalone Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

**To**
**The Board of Directors of**
**Tembo Global Industries Limited** (Formerly known as Saketh Exim Limited)
**Navi Mumbai**

1) We have audited the accompanying statement of Standalone Financial Results of **Tembo Global Industries Limited (Formerly known as Saketh Exim Limited)** ("the Company") for the quarter and year ended March 31, 2022 together with the notes thereon ("the statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations)

2) In our opinion and to the best of our information and according to the explanations given to us, the financial results:
   a) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
   b) gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive profit and other financial information of the company for the quarter and year ended March 2022.

### 3) Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SA's) specified under section 143(10) of The Companies Act 2013, as amended ("the act"). Our responsibilities under those standards are further described in the "Auditors Responsibilities for the Audit of the Financial Results" section of our report. We are independent of the company in accordance with the Code of Ethics issued by The Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial results under the provisions of the Act and the rules 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 opinion.

**4) Management's Responsibility for the Financial Results**

The standalone financial results have been prepared on the basis of annual financial statements. The Board of Directors of the company are responsible for the preparation and presentation of these standalone financial results that gives a true and fair view of the net profit and other comprehensive profit of the Company and other financial information in accordance with the applicable accounting standards prescribed under section 133 of the act read with relevant rules issued thereunder and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, that were reporting effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from any kind of material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors are also responsible for overseeing the financial reporting process of the Company.

**5) Auditors Responsibilities for the Audit of the Financial Results:**

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



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 standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal financial control 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 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 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

R A MARU & ASSOCIATES M. No. 166417 CHARTERED ACCOUNTANTS

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

**6) Other Matters**

The figures for the corresponding quarter and year ended March 31, 2021 including the reconciliation of Net Profit as per IND AS of the corresponding year ended with Net Profit reported under previous GAAP, as included in the statement have not been subject to limited review or audit.
The audited figures of full financial year ended March 31, 2021 and as at April 01, 2020 have been restated as per Ind AS.

The figures for the quarter ended March 31, 2022 are the balancing figures between the audited figures in respect of the full year and the unaudited published figures up to third quarter ended December 31, 2021 which were subject to limited review.

Our opinion on the Statement is not modified in respect of these matters.

**For R A Maru & Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**
**UDIN:** 22166417AJUVKI6811

**Place: Mumbai**
**Date: 28.05.2022**

# R A MARU & ASSOCIATES

Chartered Accountants

C/4, Khandwala Apartments CHSL, Vakola Pipe Line,
Gaodevi, Santacruz (East), Mumbai - 400 055.
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## Independent Auditor's Report on Consolidated Financial Results of the Company Pursuant to Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015

**To**
**The Board of Directors of**
**Tembo Global Industries Limited** (Formerly known as Saketh Exim Limited)
**Navi Mumbai**

1) We have audited the accompanying statement of Consolidated Financial Results of **Tembo Global Industries Limited (Formerly known as Saketh Exim Limited)** (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group") for the quarter and year ended March 31, 2022 together with the notes thereon ("the statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations)

2) In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate audited financial results of the subsidiaries, the aforesaid consolidated financial results:

   a) include the annual financial results of the following subsidiary entities:
      i) Tembo USA INC
      ii) Tembo LLC
   b) are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and

R A MARU & ASSOCIATES ★ CHARTERED ACCOUNTANTS ★ M. No. 166417

c) gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive profit and other financial information of the group for the quarter and year ended March 2022.

**3) Basis for Opinion:**

We conducted our audit in accordance with the Standards on Auditing (SA's) specified under section 143(10) of The Companies Act 2013, as amended ("the act"). Our responsibilities under those standards are further described in the "Auditors Responsibilities for the Audit of the Consolidated Financial Results" 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules 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 opinion.

**4) Management's Responsibility for the Consolidated Financial Results**

The consolidated financial results have been prepared on the basis of consolidated annual financial statements. The Holding Company's Board of Directors of the company are responsible for the preparation and presentation of the consolidated financial results that gives a true and fair view of the net profit and other comprehensive profit of the Group and other financial information in accordance with the applicable accounting standards prescribed under section 133 of the act read with relevant rules issued thereunder and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent, and the design, implementation and maintenance of adequate internal financial controls, that were reporting effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial results that give a true and fair view and are free from any kind of material misstatement, whether due to fraud or error, which have been used

R.A.MARU & ASSOCIATES M.No. 105417 CHARTERED ACCOUNTANTS

for the purpose of preparation of the consolidated financial results by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial results, the respective Board of Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the respective Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The respective Board of Directors included in the group are responsible for overseeing the financial reporting process of the Company.

**5) Auditors Responsibilities for the Audit of the Consolidated Financial Results:**

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

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 results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal financial control 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 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 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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the consolidated financial results, including the disclosures, and whether the consolidated financial results represent the underlying transactions and events in a manner that achieves fair presentation.
* Obtain sufficient appropriate audit evidence regarding the financial results of the entities within the Group to express an opinion on the consolidated Financial Results. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial results of which we are the independent auditors. For the other entities included in the consolidated Financial Results, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial results 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 compiled with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.



We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the Listing Regulations, as amended, to the extent applicable.

**6) Other Matters**

We did not audit the financial results of the Subsidiary Tembo LLC included in the consolidated financial results, whose financial results reflect total assets of Rs. 181.49 lakhs as at March 31, 2022, total revenue of Rs. 83.65 lakhs, total net loss after tax of Rs. 2.41 lakhs, total comprehensive loss of Rs. 2.41 lakhs and net cash outflows amounting to Rs. 10.09 lakhs for the year ended on that date. These financial results have been audited by other auditor whose report has been furnished to us by the Management and our opinion of the results, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the reports of the other auditors.

We did not audit the financial statements/financial information of subsidiary viz., Tembo USA Inc, whose financial statements/financial information reflect total assets of Rs. NIL as at 31st March 2022, total revenues of Rs. NIL, total profit/loss after tax Rs. NIL, total comprehensive profit/loss of Rs. NIL and net cash outflows amounting to Rs. NIL for the year ended on that date, as considered in the consolidated financial statements. The financial statements are unaudited and 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 our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements.

The figures for the corresponding quarter and year ended March 31, 2021 including the reconciliation of Net Profit as per IND AS of the corresponding year ended with Net Profit reported under previous GAAP, as included in the statement have not been subject to limited review or audit.

The audited figures of full financial year ended March 31, 2021 and as at April 01, 2020 have been restated as per Ind AS.



The figures for the half year ended March 31, 2022 are the balancing figures between the audited figures in respect of the full year and the unaudited figures up to third quarter ended December 31, 2021 which were subject to limited review.

Our opinion on the consolidated Financial Results is not modified in respect of the above matters and with respect to our reliance on the work done and the reports of the other auditor and the Financial Results certified by the Board of Directors.

**For R A Maru & Associates**
**Chartered Accountants**
**FRN: 141914W**

**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**
**UDIN: 22166417ALMOME2716**

**Place: Mumbai**
**Date: 28.05.2022**

R A MARU & ASSOCIATES
Chartered Accountants
C/4, Khandwala Apartments CHSL, Vakola Pipe Line,
Gaodevi, Santacruz (East), Mumbai - 400 055.
Phone : 022 - 2268 0488 • Mob.: 80803 94548 / 83695 14810
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## INDEPENDENT AUDITORS REPORT

**To**
**The Members of**
**TEMBO GLOBAL INDUSTRIES LIMITED (Formerly Known as SAKETH EXIM LIMITED)**

### Report on Audit of the Standalone Financial Statements

**Opinion**

We have audited the accompanying standalone financial statements of **TEMBO GLOBAL INDUSTRIES LIMITED (Formerly Known as SAKETH EXIM LIMITED)** ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss and the Statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and profit and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Emphasis of Matter**

We draw attention to Note 2 of the accompanying standalone financial statements which describes the Management's evaluation of impact of uncertainties related to Covid-19 pandemic.
Our Opinion is not qualified in respect of this matter.

**Key Audit Matters**

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

| **Key Audit Matters** | **How are audit addressed the key audit matter** |
|---|---|
| **Capital Expenditure for Expansion** | |
| During the year under review the company has undertaken substantial expansion of the company's business and has purchased land at Vasai. The Company has committed substantial capital expenditure for development of land, manufacturing facilities including construction of factory shed, purchase of plant & machineries and other capital expenditure. This being a major expansion phase and the same has been considered as Key Audit Matter. | - We have understood the management's decision making process, the steps and procedures involved in acquisition of land, verification of title deeds, 7/12 extract, agreements and other related formalities and documentation connected therewith.<br>- The Company is in the process of placing orders for setting up of manufacturing facilities for which commitments have been made by the management and the same is verified with proforma invoices, Board Resolutions for capital expenditure and prima facie appears to be in order. |

**Responsibility of Management for the Standalone Financial Statements**

The company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

* Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control 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 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 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the standalone 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in **"Annexure A"** a statement on the

matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3), 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.

b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.

c) The Balance Sheet, Statement of Profit and Loss and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of accounts.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) The matter described in 'Emphasis of Matter' paragraph above in our opinion may not have an adverse effect on the functioning of the company.

f) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of section 164 (2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**.

h) In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

i) 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 company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii) The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Funds of the Company.

**For R A Maru & Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**"Annexure – A" to the Auditors' Report**
**(Referred to in Paragraph 1 under 'Report on other Legal and Regulatory Requirements section of our report of even date)**

1. (a) The Company is in the process of updating the records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management at various intervals and no material discrepancies were noticed on such physical verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of freehold immovable properties are held in the name of the Company and those taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

2. (a) The stock of finished goods, Raw Materials, Work in Progress and goods lying with third parties were physically verified by the management at the year end.
(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of accounts.

3. (a) The company has granted loans secured or unsecured loans to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
(b) The loans granted are repayable on demand. As informed to us by the management, the company has not recalled such loans and in absence of any stipulation as to repayment, we are unable to comment on the regularity of repayments and overdue payments of the loans granted.

4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Accordingly, paragraph 3 (v) of the order is not applicable.

6. As explained to us, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of sales tax including Value Added Tax, Service Tax, Goods & Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues, as applicable with marginal delays in some payments, with the appropriate authorities.

(b) According to the information and explanations given to us, undisputed amounts payable in respect of Value Added Tax, Service Tax, Goods & Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues, were in arrears as at 31st March 2021 for a period of more than six months from the date they became payable are as follows:

| **Name of Statute** | **Nature of Dues** | **Financial Year** | **Amount Involved (Rs.)** |
|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 2010-2011 | 2,500 |
| The Income Tax Act, 1961 | Income Tax | 2015-2016 | 5,428 |
| The Income Tax Act, 1961 | Income Tax | 2016-2017 | 3,508 |
| The Income Tax Act, 1961 | Tax Deducted at Source (TDS) | 2019-2020 | 570 |
| The Income Tax Act, 1961 | Tax Deducted at Source (TDS) | 2020-2021 | 8020 |

(c) The particulars of dues of Value Added Tax, Service Tax, Goods & Service Tax Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues, at 31st March 2021 which have not been deposited on account of dispute, are as follows:

| **Name of the Statute** | **Nature of Dues** | **Amount (INR)** | **Financial Year/s to which the dues relate** | **Forum where the Dispute is pending** |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax Assessment Dues (Incl. Interest) | 63,98,089 | 2013-14 | Commissioner of Income Tax (Appeals) Mumbai |

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

9. In our opinion and according to the information and explanations given by management, the Company did not raise any moneys by way of initial public offer or further public offer (including debt instruments) and the monies raised by way of term loans were used for the purposes for which they were raised.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and according to explanations given to us, the company is in compliance with Section 177 and 188 of the Act for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For R A Maru & Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**"Annexure –B" to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **TEMBO GLOBAL INDUSTRIES LIMITED (Formerly Known as SAKETH EXIM LIMITED)** ("the Company") as of 31st March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, the Company has, 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 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For R A Maru & Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
BALANCE SHEET AS AT 31st MARCH 2021

| Particulars | Note No. | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES ::** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | 2 | 100,460,000 | | 50,230,000 | |
| Reserves and Surplus | 3 | 135,664,270 | 236,124,270 | 158,769,185 | 208,999,185 |
| **Non Current Liabilities** | | | | | |
| Long Term Borrowings | 4 | 158,446,298 | | 54,477,439 | |
| Long Term Provisions | | | 158,446,298 | | 54,477,439 |
| **Current Liabilities** | | | | | |
| Short Term Borrowings | 5 | 130,363,134 | | 81,906,598 | |
| Trade Payables | 6 | | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | | | | |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 163,803,395 | | 110,747,934 | |
| Other Current Liabilities | 7 | 108,692,164 | 402,858,693 | 45,819,745 | 238,474,277 |
| **Total...** | | | 797,429,261 | | 501,950,901 |
| **ASSETS ::** | | | | | |
| **Non-Current Assets** | | | | | |
| Fixed Assets | 8 | | | | |
| Tangible Assets | | 164,653,228 | | 66,691,763 | |
| Intangible Assets | | 5,410,905 | | 645,995 | |
| Capital Work-in-Progress | | 541,300 | 170,605,433 | 2,988,654 | 70,326,412 |
| Non Current Investment | 9 | 10,762,538 | | 3,000,000 | |
| Long Term Loans and Advances | 10 | 7,763,064 | | 2,368,120 | |
| Deferred Tax Assets | | 1,868,287 | | 1,212,982 | |
| Other Non Current Assets | 11 | 2,588,617 | 22,982,507 | 3,882,923 | 10,464,025 |
| **Current Assets** | | | | | |
| Inventories | 12 | 189,934,091 | | 130,187,538 | |
| Trade Receivables | 13 | 313,683,640 | | 201,885,050 | |
| Cash and Cash Equivalents | 14 | 26,412,297 | | 22,759,669 | |
| Short Term Loans and Advances | 15 | 72,589,734 | | 64,710,831 | |
| Other Current Assets | 16 | 1,221,559 | 603,841,322 | 1,617,374 | 421,160,462 |
| **Total...** | | | 797,429,262 | | 501,950,902 |

The accompanying notes 1 to 24 are an integral part of these financial statements.

AS PER OUR REPORT OF EVEN DATE
For R A MARU & ASSOCIATES
CHARTERED ACCOUNTANTS
F. R. N. 141914W

RUMEET ANIL MARU
PROPRIETOR
M. NO. 166417
UDIN: 21166417AAAABH8894

Place: Mumbai
Date: 14.06.2021

For TEMBO GLOBAL INDUSTRIES LIMITED

(SANJAY PATEL)
MANAGING DIRECTOR
DIN: 01958033

(FATEMA KACHWALA)
DIRECTOR
DIN: 06982324

(SHABBIR MERCHANT)
CHIEF FINANCIAL OFFICER

(TASNEEM MARFATIA)
COMPANY SECRETARY
& COMPLIANCE OFFICER

Note No. 2

2.1 Share Capital:

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **Authorised** | | |
| 1,10,00,000 Equity Shares of Rs. 10 each (PY 55,00,000 Equity Shares of Rs. 10 each) | 110,000,000 | 55,000,000 |
| | 110,000,000 | 55,000,000 |
| **Issued, Subscribed and Paid up** | | |
| 1,00,46,000 Equity Shares of Rs. 10 each (PY 50,23,000 Equity Shares of Rs. 10 each) | 100,460,000 | 50,230,000 |
| | 100,460,000 | 50,230,000 |

(a) The company has only one class of shares referred to as Equity shares having a par value of Rs. 10/-. Each holder of Equity shares is entitled to one vote per share.

(b) In the event of liquidation, the Equity Share Holders are eligible to recive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

**2.2) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars | Opening Balance | Fresh Issue | Bonus | ESOP | Conversion | Buy Back | Right Issue | Closing Balance |
|---|---|---|---|---|---|---|---|---|
| Equity Shares with voting rights | | | | | | | | |
| Year ended 31st March, 2021 | | | | | | | | |
| No. of Shares | 5,023,000 | | 5,023,000 | | | | | 10,046,000 |
| Amount | 50,230,000 | | 50,230,000 | | | | | 100,460,000 |
| Year ended 31st March, 2020 | | | | | | | | |
| No. of Shares | 5,023,000 | | | | | | | 5,023,000 |
| Amount | 50,230,000 | | | | | | | 50,230,000 |

**2.3) Details of shares held by each shareholder holding more than 5% shares:**

| Name of shareholder | As at 31 March, 2021 | | As at 31 March, 2020 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Fatema S. Kachwala | 3,207,000 | 31.92 | 1,603,500 | 31.92 |
| Sanjay J. Patel | 1,251,750 | 12.46 | 625,875 | 12.46 |
| Smita S. Patel | 888,750 | 8.84 | 444,375 | 8.84 |
| Taruna P. Patel | 1,038,750 | 10.33 | 519,375 | 10.33 |
| Piyush J. Patel | 623,750 | 6.20 | 311,875 | 6.20 |

**Note No. 3**
**Reserves and Surplus**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **a. General Reserve** | | |
| Balance at the beginning of the year | - | - |
| Add: During the year | - | - |
| Balance at the end of the year | - | - |
| **b. Securities Premium** | | |
| Balance at the beginning of the year | 68,158,000 | 68,158,000 |
| Add: During the year | - | - |
| Less: Capitalisation of Profits | 50,230,000 | - |
| Balance at the end of the year | 17,928,000 | 68,158,000 |
| **c. Surplus from Statement of Profit and Loss** | | |
| Balance at the beginning of the year | 90,611,185 | 69,138,529 |
| Add: Net Profit for the current year | 34,669,589 | 24,504,490 |
| Less Dividend Paid | (7,544,504) | (3,031,833) |
| Balance at the end of the year | 117,736,270 | 90,611,185 |
| | 135,664,270 | 158,769,185 |

**Note No. 4**
**Long Term Borrowings**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **Secured Term Loans** | | |
| Vehicle Loan (Secured against Hypothecation of Vehicle) | 6,437,631 | 7,155,813 |
| From Bank (Secured by hypothecation in favour of SIDBI on all movable assets of borrowers including Movable Plant Machinery, Spares for machinery Tools & Accessories, Office Equipment, Computers, Furniture Fixture etc and Personal Guarantee of Directors) | 32,997,777 | 10,034,843 |
| From Financial Institutions (Secured against Plant & Machinery, Spares for machinery, Tools etc and Personal Guarantee of Directors) | 55,582,700 | 10,051,889 |
| **Unsecured Term Loans (Considered Good)** | | |
| From Banks | 3,055,752 | 10,154,632 |
| From Financial Institution | 24,453,938 | 17,080,262 |
| Loans from Directors & Related Parties | 35,918,500 | - |
| | 158,446,298 | 54,477,439 |

**Note No. 5**
**Short Term Borrowings**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| | Rs. | Rs. |
| **Secured Loans** | | |
| Bank Overdraft & Working Capital Finance | 130,363,134 | 81,906,598 |
| (Secured against Movable Property, Stock , Book Debts and Personal Guarantee of Directors and Promoters) | | |
| | **130,363,134** | **81,906,598** |

**Note No. 6**
**Trade Payables**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| | Rs. | Rs. |
| Small, Medium and Micro Enterprises | - | - |
| Other than Small, Medium and Micro Enterprises | 163,803,395 | 110,747,934 |
| | **163,803,395** | **110,747,934** |

**Note No. 7**
**Other Current Liabilities**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| | Rs. | Rs. |
| Current Maturities of Long Term Debts | 65,814,799 | 27,957,792 |
| Creditors for Expenses | 24,008,787 | 11,131,375 |
| Advances from Customers | 6,969,040 | 3,377,628 |
| Statutory Liabilities | 2,172,370 | 615,220 |
| Provision for Tax (Net of Advance Taxes) | 9,727,168 | 2,737,730 |
| | **108,692,164** | **45,819,745** |

Note No. 8
Fixed Assets

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April 2020 | Additions / Transfer | Deductions | As at 31st March 2021 | As at 1st April 2020 | Depreciation /Amortisation for the year | On Disposals / Write Off | As at 31st March 2021 | As at 31st March 2021 | As at 1st April 2020 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Tangible Assets** | | | | | | | | | | |
| Land Under Lease | 12,844,550 | - | - | 12,844,550 | - | - | - | - | 12,844,550 | 12,844,550 |
| Free Hold Land | - | 94,805,063 | - | 94,805,063 | - | - | - | - | 94,805,063 | - |
| Buildings | 5,170,028 | - | - | 5,170,028 | 1,830,988 | 162,166 | - | 1,993,154 | 3,176,874 | 3,339,040 |
| Plant & Machinery | 57,396,837 | 9,635,283 | - | 67,032,120 | 18,774,038 | 7,486,921 | - | 26,260,959 | 40,771,161 | 38,622,799 |
| Electrical Installations | 1,613,609 | 145,490 | - | 1,759,099 | 933,416 | 290,223 | - | 1,223,639 | 535,460 | 680,193 |
| Furnitures & Fixtures | 9,741,643 | 3,470,897 | - | 13,212,540 | 7,474,322 | 802,801 | - | 8,277,123 | 4,935,418 | 2,267,322 |
| Air Conditioners | 365,960 | - | - | 365,960 | 256,608 | - | - | 256,608 | 109,352 | 109,352 |
| Vehicles | 12,307,975 | 1,212,623 | - | 13,520,598 | 4,003,848 | 2,688,228 | - | 6,692,076 | 6,828,522 | 8,304,127 |
| Office Equipment | 540,248 | 101,610 | - | 641,858 | 514,374 | - | - | 514,374 | 131,231 | 29,621 |
| Computers | 3,033,372 | 464,339 | - | 3,497,711 | 2,538,612 | 443,501 | - | 2,982,113 | 515,598 | 494,760 |
| **Sub-Total (A)** | **103,014,222** | **109,835,305** | **-** | **212,849,527** | **36,326,206** | **11,873,840** | **-** | **48,200,046** | **164,653,228** | **66,691,763** |
| **Intangible Assets** | | | | | | | | | | |
| Computer Software | 905,500 | 104,800 | - | 1,010,300 | 353,452 | 159,006 | - | 512,458 | 497,842 | 552,048 |
| Trademark | 97,251 | 5,277,850 | - | 5,375,101 | 3,304 | 458,734 | - | 462,038 | 4,913,063 | 93,947 |
| **Sub-Total (B)** | **1,002,751** | **5,382,650** | **-** | **6,385,401** | **356,756** | **617,740** | **-** | **974,496** | **5,410,905** | **645,995** |
| **Capital Work in Progress (C)** | 2,988,654 | 541,300 | 2,988,654 | 541,300 | - | - | - | - | 541,300 | 2,988,654 |
| **Grand Total (A+B+C)** | **107,005,627** | **115,759,255** | **2,988,654** | **219,776,228** | **36,682,962** | **12,491,580** | **-** | **49,174,542** | **170,605,433** | **70,326,412** |
| *Previous Year 2019-20* | *80,446,284* | *26,559,343* | *-* | *107,005,627* | *27,241,329* | *9,441,633* | *-* | *36,682,962* | *70,326,412* | *53,204,955* |

**Note No. 9**
**Non-Current Investments**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| **Investment In Equity Instrument** | | |
| Investment in Subsidiaries (At Cost) | | |
| Saketh Seven Star Industries Private Limited (7,50,000 (3,00,000) shares of Rs.10 (10) each fully Paid up) | 7,500,000 | 3,000,000 |
| Tembo Global LLC | | |
| Tembo Global Inc* | 3,262,538 | - |
| | - | - |
| | 10,762,538 | 3,000,000 |
| *No funds for investments have been transferred | | |

**Note No. 10**
**Long Term Loans and Advances**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Security Deposits | 1,987,570 | 1,846,170 |
| Margin Money - Financial Institutions | 1,800,000 | - |
| Advances to Subsidiary | 3,975,494 | 521,950 |
| | 7,763,064 | 2,368,120 |

**Note No. 11**
**Other Non-Current Assets**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Preliminary Expenditure (to the extent not Written Off) | 2,588,617 | 3,882,923 |
| | 2,588,617 | 3,882,923 |

**Note No. 12**
**Inventories**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **(As taken valued and certified by the management; valuation as stated in Note No. 1)** | | |
| Raw Materials | 67,184,374 | 26,037,508 |
| Semi Finished Goods | 34,690,514 | 32,546,885 |
| Finished Goods(Manufacturing) | 75,598,906 | 55,745,004 |
| Finished Goods(Trading) | 12,460,297 | 15,858,142 |
| | 189,934,091 | 130,187,538 |

**Note No. 13**
**Trade Receivables**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Unsecured (considered good, unless otherwise stated) | | |
| Over six months | 40,824,502 | 16,669,673 |
| Others | 272,859,138 | 185,215,377 |
| | 313,683,640 | 201,885,050 |
| Less: Provision for doubtful debts | - | - |
| | **313,683,640** | **201,885,050** |

**Note No. 14**
**Cash and Cash Equivalents**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| a. Balances with Banks: | | |
| Current Accounts | 30,536 | 53,144 |
| Short Term Deposits* | 26,161,296 | 22,541,153 |
| | 26,191,832 | 22,594,297 |
| b. Cash on Hand | 220,465 | 165,372 |
| | **26,412,297** | **22,759,669** |
| *Maturity less than 12 Months | | |

**Note No. 15**
**Short Term Loans and Advances**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Capital Advances | 816,000 | 816,000 |
| Trade Advances to Suppliers | 8,440,046 | 23,661,137 |
| Loans and Advances to Staff | 2,071,460 | 1,557,629 |
| Balances with Revenue Authorities | 61,262,228 | 38,676,065 |
| | **72,589,734** | **64,710,831** |

**Note No. 16**
**Other Current Assets**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Prepaid Expenses | 288,786 | 1,221,012 |
| Other Receivables | 932,773 | 396,362 |
| | **1,221,559** | **1,617,374** |

## TEMBO GLOBAL INDUSTRIES LIMITED (Formerly Known as SAKETH EXIM LIMITED)

**NOTE: 1**

**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2021**

**CORPORATE INFORMATION**

These statements comprise financial statements of Tembo Global Industries Limited (Formerly known as Saketh Exim Limited) (CIN: L29253MH2010PLC204331) ('the company') for the year ended March 31, 2021. The company is a public company domiciled in India and was incorporated on 16.06.2010 under the provisions of the Companies Act 1956 applicable in India. The Registered Office of the company is situated at D-146/147, MIDC TTC Industrial, Estate, Opp Balmer Lawrie, Turbhe, Navi Mumbai 400703

The Company is principally engaged in the activities pertaining manufacture of pipe hangers and trading of fabrics.

These standalone financial statements were approved by the Board of Directors and authorised for issue on June 14, 2021.

**SIGNIFICANT ACCOUNTING POLICIES**

**I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

These financial statements have been prepared and presented under the historical cost conversion, on the accrual basis of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP') and comply with Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current –non-current classification of assets and liabilities.

## II. USE OF ESTIMATES:

The Preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities and the disclosures of contingent liabilities at the end of reporting period.

## III. FIXED ASSETS AND DEPRECIATION/ AMORTIZATION

(i) Gross Fixed Assets are stated at historical cost of acquisition / construction net of Cenvat credit/Input Credit under VAT on capital goods. Depreciation on tangible assets is provided on Written Line Method as specified in Schedule II to The Companies Act, 2013. Intangible Assets are amortized as per AS-26 issued by The Institute of Chartered Accountants of India.

(ii) Fixed assets are eliminated from financial statements either on disposal or when retired from active use. The retired assets are disposed off or discarded immediately. Profit or loss on disposal of assets is recognized in the statement of profit and loss.

(iii) Depreciation is provided on pro-rata basis from the day in which assets have been put to use and up to the day on which assets have been used by the company.

## IV. IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## V. FOREIGN CURRENCY TRANSACTIONS:

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

**VI. REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods have passed to the buyer which normally coincides with the despatch of goods from the factory of the company. Sales are disclosed net of trade discount, Sales returns.

Revenue in respect of insurance, interest, cash subsidy and other claims is recognized only when it is reasonably certain that the ultimate collection will be made.

Export incentives under the Duty Draw Back Scheme, Merchandise Exports from India Scheme (MEIS) etc. are accounted in the year of export.

**VII. OPERATING LEASES:**

Lease arrangements where risk and rewards incidental to ownership of an asset, substantially vests with the Lessor, are classified as operating leases.

Rental expenses are recognized in the statement of Profit & Loss as per the rental agreements entered between the company and the lessor.

**VIII. INVESTMENTS:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long – term investments. Provisions, if any are made for permanent diminution in value of investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long – term investments are carried at cost.

**IX. INVENTORIES:**

i) Raw materials and packing materials are valued at landed cost determined on FIFO Basis net off VAT/CENVAT, wherever applicable.

ii) The finished goods have been valued at weighted average cost or net realizable value whichever is less.

iii) Trading goods have been valued at cost or net realizable value whichever is less.

iv) Semi finished goods have been valued at estimated weighted average cost, as certified by the management.

**X. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized, as applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**XI. TAXES ON INCOME:**

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**XII. EARNINGS PER SHARE:**

Basic Earnings per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end.

**IX. INVENTORIES:**

i) Raw materials and packing materials are valued at landed cost determined on FIFO Basis net off VAT/CENVAT, wherever applicable.

ii) The finished goods have been valued at weighted average cost or net realizable value whichever is less.

iii) Trading goods have been valued at cost or net realizable value whichever is less.

iv) Semi finished goods have been valued at estimated weighted average cost, as certified by the management.

**X. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized, as applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**XI. TAXES ON INCOME:**

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**XII. EARNINGS PER SHARE:**

Basic Earnings per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end.

**XIII. CASH & CASH EQUIVALENTS:**

Cash and Cash Equivalent in the Balance Sheet comprise of cash at bank and in hand and Term deposits with banks with original maturity of 1 year or more.

**XIV. PROVISIONS AND CONTINGENCIES:**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**XV. ACCOUNTING POLICIES:**

Accounting Policies not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

**TEMBO GLOBAL INDUSTRIES LIMITED**
**(Formerly Known as SAKETH EXIM LIMITED)**
**CIN: L29253MH2010PLC204331**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021**

| Particulars | 2020-2021 | | 2019-2020 | |
|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| Net Profit Before Tax | | 46,286,560 | | 33,546,137 |
| Adjustments for - | | | | |
| Depreciation | 12,491,580 | | 9,441,632 | |
| Reserve For Doubtful Debt | - | | 46,920 | |
| Interest Received | (1,391,944) | | (1,275,100) | |
| Finance Cost | 23,033,675 | 34,133,311 | 15,882,326 | 24,095,778 |
| Operating Profit Before Working Capital Changes | | 80,419,871 | | 57,641,915 |
| Adjustments for - | | | | |
| Trade Receivables | (111,798,590) | | (31,643,217) | |
| Inventories | (59,746,553) | | (48,613,561) | |
| Short Term Loans & Advances | (7,878,903) | | (11,491,289) | |
| Other Non Current & Current Assets | 1,690,121 | | 2,023,764 | |
| Long Term Loans & Advances | (5,394,944) | | (178,030) | |
| Trade and Other Payables | 53,055,461 | | 37,419,858 | |
| Other Current Liabilities | 18,025,974 | (112,047,434) | 2,554,842 | (49,927,633) |
| **Cash Generated From Operations** | | **(31,627,563)** | | **7,714,282** |
| Income Tax Expenses | | (5,268,607) | | (10,326,715) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **(36,896,170)** | | **(2,612,433)** |
| **B CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| Purchase of Fixed Assets | (112,770,601) | | (26,559,343) | |
| Investment In Subsidaries | (7,762,538) | | (3,000,000) | |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(120,533,139)** | | **(29,559,343)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| Proceeds (Repayments) from Long Term Borrowings | 141,825,866 | | 59,475,320 | |
| Proceeds (Repayments) from Short Term Borrowings | 48,456,536 | | (1,480,571) | |
| Dividend Paid | (7,544,504) | | (3,031,833) | |
| Interest Received | 1,391,944 | | 1,275,100 | |
| Finance Cost | (23,033,675) | | (15,882,326) | |
| | 161,096,167 | | 40,355,690 | |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **161,096,167** | | **40,355,690** |
| **Net Increase in Cash and Cash Equivalents** | | 3,666,858 | | 8,183,914 |
| Cash and cash equivalents as at beginning of the year | | 22,745,439 | | 14,561,525 |
| Cash and cash Equivalents as at end of the year | | **26,412,297** | | **22,745,439** |

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**For TEMBO GLOBAL INDUSTRIES LIMITED**

**(SANJAY PATEL)**
**MANAGING DIRECTOR**
**DIN: 01958033**

**(FATEMA KACHWALA)**
**DIRECTOR**
**DIN: 06982324**

**(SHABBIR MERCHANT)**
**CHIEF FINANCIAL OFFICER**

**(TASNEEM MARFATIA)**
**COMPANY SECRETARY**
**& COMPLIANCE OFFICER**

## TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

| Particulars | Note No. | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|---|
| **REVENUE :** | | | | | |
| Revenue from Operations | 17 | | 1,046,240,980 | | 787,266,630 |
| Other Income | 18 | | 1,391,944 | | 1,595,376 |
| **Total Revenue** | | | 1,047,632,924 | | 788,862,006 |
| **EXPENSES :** | | | | | |
| Cost of Materials Consumed | 19 | | 348,941,139 | | 246,321,774 |
| Cost of Traded Goods | | | 405,490,472 | | 332,280,514 |
| Changes in Inventories | 20 | | (18,599,687) | | (33,900,412) |
| Employee Benefit Expenses | 21 | | 26,929,867 | | 24,725,912 |
| Finance Costs | 22 | | 23,033,675 | | 15,882,326 |
| Depreciation and Amortization | | | 12,491,580 | | 9,441,632 |
| Other Expenses | 23 | | 202,801,386 | | 160,564,123 |
| **Total Expenses** | | | 1,001,088,433 | | 755,315,869 |
| **Profit Before Tax** | | | 46,544,491 | | 33,546,137 |
| Less: Prior Period Expenses | | | (257,931) | | |
| **Profit Before Tax** | | | 46,286,560 | | |
| **Tax Expenses** | | | | | |
| Current Tax | | (12,400,000) | | (8,850,000) | |
| Earlier Year Tax | | 127,724 | | (120,050) | |
| Deferred Tax | | 655,305 | (11,616,971) | (71,597) | (9,041,647) |
| **Net Profit for the year** | | | 34,669,589 | | 24,504,490 |
| **Earnings per Equity Share of Face Value Rs. 10/- share** | | | | | |
| Basic Earning Per Share | | | 3.45 | | 4.88 |
| Diluted Earning Per Share | | | 3.45 | | 4.88 |

The accompanying notes 1 to 24 are an integral part of these financial statements.

**AS PER OUR REPORT OF EVEN DATE**

**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**For TEMBO GLOBAL INDUSTRIES LIMITED**

**(SANJAY PATEL)**
**MANAGING DIRECTOR**
**DIN: 01958033**

**(FATEMA KACHWALA)**
**DIRECTOR**
**DIN: 06982324**

**(SHABBIR MERCHANT)**
**CHIEF FINANCIAL OFFICER**

**(TASNEEM MARFATIA)**
**COMPANY SECRETARY**
**& COMPLIANCE OFFICER**

**Note No. 17**
**Revenue from Operations**

| Particulars | 2020-2021 Rs. | | 2019-2020 Rs. | |
|---|---|---|---|---|
| **Sale of Products** | | | | |
| **Manufacturing Sales** | | | | |
| Export Sales | 550,680,766 | | 387,265,598 | |
| Domestic Sales | 42,758,240 | | 36,399,377 | |
| Less: Sales Returns | - | 593,439,006 | - | 423,664,975 |
| **Trading Sales** | | | | |
| Domestic Sales | | 416,972,092 | | 333,277,341 |
| **Other Operating Revenue** | | | | |
| Foreign Currency Fluctuation Gain | 2,577,723 | | 6,980,263 | |
| Export Incentives | 23,840,569 | | 17,976,138 | |
| Freight Charges | 9,411,590 | | 5,223,828 | |
| Discount & Rebate | - | 35,829,882 | 144,085 | 30,324,314 |
| | | **1,046,240,980** | | **787,266,630** |

**Note No. 18**
**Other Income**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| Interest | 1,391,944 | 1,275,100 |
| Miscellaneous Income | - | 320,276 |
| | **1,391,944** | **1,595,376** |

**Note No. 19**
**Cost of Materials Consumed**

| Particulars | 2020-2021 Rs. | | 2019-2020 Rs. | |
|---|---|---|---|---|
| Opening Stock | 26,037,508 | | 11,324,359 | |
| Add: Purchases | 390,088,006 | | 261,034,923 | |
| | 416,125,513 | | 272,359,282 | |
| Less: Closing Stock | (67,184,374) | 348,941,139 | (26,037,508) | 246,321,774 |
| | | **348,941,139** | | **246,321,774** |

**Note No. 20**
**Changes in Inventories (Traded Goods)**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| **Opening Stock** | | |
| Traded Goods | 15,858,142 | - |
| **Closing Stock** | | |
| Traded Goods | 12,460,297 | 15,858,142 |
| | **3,397,845** | **(15,858,142)** |

**Changes in Inventories (Manufactured Goods)**

| Particulars | 2020-2021 Rs. | | 2019-2020 Rs. | |
|---|---|---|---|---|
| **Opening Stock** | | | | |
| Finished Goods | 71,603,146 | | 39,553,362 | |
| Work-in-Progress | 16,688,743 | 88,291,888 | 30,696,256 | 70,249,618 |
| **Closing Stock** | | | | |
| Finished Goods | 75,598,906 | | 71,603,146 | |
| Semi Finished Goods | 34,690,514 | 110,289,420 | 16,688,743 | 88,291,888 |
| | | **(21,997,532)** | | **(18,042,270)** |

**Note No. 21**
**Employee Benefit Expenses**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| Salaries, Wages, Allowances and Bonus | 19,238,796 | 18,695,366 |
| Director's Remuneration | 6,200,000 | 4,200,000 |
| Staff Welfare Expenses | 1,491,071 | 1,830,546 |
| | **26,929,867** | **24,725,912** |

**Note No. 22**
**Finance Costs**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| **Interest on:** | | |
| Working Capital Finance & Term Loans | 20,683,040 | 14,257,128 |
| Unsecured loans from Directors & Promoters | 1,039,946 | - |
| Other Financial Costs | 1,310,689 | 1,625,198 |
| | **23,033,675** | **15,882,326** |

**Note No. 23**
**Other Expenses**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| **Manufacturing Expenses** | | |
| Power & Fuel | 7,720,743 | 5,884,023 |
| Repairs to Machinery | 4,002,645 | 3,114,081 |
| Transportation Expenses | 13,305,864 | 10,017,710 |
| Job Work & Labour Charges | 115,954,593 | 77,210,852 |
| Other Manufacturing Expenses | 8,813,528 | 3,718,607 |
| **Selling and Distribution Expenses** | | |
| Commission | 4,837,880 | 6,167,444 |
| Courier, Freight and Insurance | 19,233,335 | 14,048,033 |
| **Administrative and Other Expenses** | | |
| Travelling & Conveyance Expenses | 1,864,551 | 8,792,070 |
| Rent Paid | 7,423,538 | 7,384,440 |
| Rates and Taxes | 75,218 | 142,377 |
| Insurance Premium | 1,630,655 | 1,499,759 |
| Repairs - Computer | 105,951 | 135,789 |
| Repairs - Vehicles | 279,961 | 138,941 |
| Office Expenses | 805,400 | 1,210,382 |
| Electricity Expenses | 224,730 | 340,700 |
| Registration Charges | 245,784 | 55,622 |
| Advertisement and Business Promotion | 186,447 | 5,219,962 |
| Legal and Professional Fees | 2,776,256 | 1,160,536 |
| Filing Fees | 548,610 | - |
| Expenses for Increase in Authorised Capital | 476,992 | - |
| Payments to Auditor | 250,000 | 150,000 |
| Printing & Stationery | 779,484 | 1,038,472 |
| Telephone Charges | 88,300 | 115,049 |
| Reserve for Doubtful Debts | - | 46,920 |
| Bad Debts | - | 324,864 |
| Bank discount, Commission and Other Charges | 3,977,602 | 2,028,474 |
| Sundry Balance Writen Off | 1,206,526 | 2,915,006 |
| Preliminery Expenses Written Off | 1,294,306 | 1,294,306 |
| General expenses | 4,692,487 | 6,409,704 |
| | **202,801,386** | **160,564,123** |

Note (i) Payment to Auditors

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Statutory Audit Fees | 250,000 | 150,000 |
| **Total** | **250,000** | **150,000** |

## Note 24: NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for in respect of: **(Rs)**

| Sr. No. | Particulars | 2020-21 | 2019-20 |
|---|---|---|---|
| 1. | Letter of Credit (LC) | 4,29,12,000 | 1,35,05,000 |
| 2. | Income Tax matters | 58,12,099 | 58,12,099 |
| | **Total** | **4,87,24,099** | **1,93,17,099** |

Estimated amount of Contracts remaining to be executed on account of Capital Account not provided for as on 31.03.2021 is Rs. 5,41,300 (P.Y.2,07,000)

2. The Company has assessed the possible impact of second wave of COVID-19 on its financial statements based on the internal and external information available upto the date of approval of these financial statements and concluded that no adjustments in these statements (including carrying value of assets and liabilities). The company continues to monitor the future economic conditions which may impact the company's financial performance.

3. In the opinion of the management of the Company, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realized in the ordinary course of business.

4. The management of the Group has certified that, none of the employees have put in the required number of years of service to be eligible for Gratuity and accordingly the provisions of The Gratuity Act, 1971 & Accounting Standard -15 (AS-15) notified by The Institute of Chartered Accountants of India are not applicable to the company.

5. **Segment Reporting:**

The Company is having two business Segments viz, Manufacturing of Pipe Hangers and Trading of Fabric: **(Amount in Rs.)**

| Particulars | Manufacturing Division (Pipe Hangers) | | Trading Division (Fabric) | | Total For the Year Ended | |
|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Segment Revenue | 62,92,68,888 | 45,39,89,289 | 41,69,72,092 | 33,32,77,341 | 1,04,62,40,980 | 78,72,66,630 |
| Segment Results (P&L) | 3,82,02,785 | 1,56,94,310 | 80,83,775 | 1,78,51,827 | 4,62,86,560 | 3,35,46,137 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Tax Expenses | 95,88,110 | 51,14,580 | 20,28,861 | 39,27,067 | 1,16,16,971 | 90,41,647 |
| Profit/(Loss) after tax | 2,86,14,675 | 1,05,79,730 | 60,54,914 | 1,39,24,760 | 3,46,69,589 | 2,45,04,490 |
| Segment Assets | 58,57,01,465 | 48,85,05,991 | 21,17,27,797 | 1,34,44,910 | 79,74,29,262 | 50,19,51,901 |
| Segment Liabilities | 47,94,52,038 | 26,12,48,237 | 8,18,52,953 | 3,17,03,479 | 56,13,04,991 | 29,29,51,716 |

**6. Related Party Transactions:**

**a) Subsidiary Companies**

1. Saketh Seven Star Industries Private Limited
2. Tembo LLC (W.e.f. 16.06.2020)
3. Tembo USA Inc *

*No funds for investments have been transferred till the date of report

**b) Associates**

Tembo Exim Private Limited

**c) Key Managerial Personnel (KMP)**

Mr. Sanjay Jashbhai Patel – Managing Director
Mrs. Taruna Patel - Director
Mr. Shalin Sanjay Patel – Director
Ms. Fatema Shabbir Kachwala – Director (W.e.f. 23.02.2021)
Mrs. Smita Sanjay Patel- Director (resigned W.e.f.23.02.2021)
Mr. Shabbir Merchant - Chief Financial Officer
Ms. Tasneem Marfatia - Company Secretary & Compliance Officer

**d) Relatives of Key Managerial Personnel**

Mr. Piyush Patel – Brother of Managing Director
Mrs. Smita Sanjay Patel – Spouse of Director

**e) Others**

B.M. Electro Mechanical LLP – Firm of Promoter & CFO

**f) Related Party Transactions** (Rs)

| Sr. no | Particulars | Director(s)/KMP | | Relatives | | Others | |
|---|---|---|---|---|---|---|---|
| | | 31.03.21 | 31.03.20 | 31.03.21 | 31.03.20 | 31.03.21 | 31.03.20 |
| 1 | Remuneration | | | | | | |
| i) | Mr.Sanjay Patel | 42,00,000 | 42,00,000 | | | | |
| ii) | Mr. Piyush Patel | - | - | 18,00,000 | 25,98,000 | | |
| iii) | Mr. Shalin Patel | 20,00,000 | 25,00,000 | | | | |
| | | | | | | | |
| 2 | Loans(Liability) | | | | | | |
| i) | Mr. Sanjay Patel | | | | | | |
| | Opening Balance | - | - | | | | |
| | Addition | 1,30,60,410 | 1,48,28,668 | | | | |
| | Repayment | 1,30,55,785 | 1,48,28,668 | | | | |
| | Closing Balance | 4,625 | - | | | | |
| | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| ii) | Mr.Shalin S Patel | | | | | | |
| | Opening Balance | | | | | | |
| | Addition | 52,35,092 | - | | | | |
| | Repayment | 2,30,467 | - | | | | |
| | Closing Balance | 50,04,625 | - | | | | |
| | | | | | | | |
| iii) | Mrs. Taruna P Patel | | | | | | |
| | Opening Balance | - | 6,52,549 | | | | |
| | Addition | 1,13,31,903 | 27,980 | | | | |
| | Repayment | 3,29,591 | 6,80,529 | | | | |
| | Closing Balance | 1,10,02,312 | - | | | | |
| | | | | | | | |
| iv) | Mrs. Smita S Patel | | | | | | |
| | Opening Balance | | | | | | |
| | Addition | 2,0,1,10,993 | 41,59,967 | | | | |
| | Repayment | 31,04,056 | 41,59,967 | | | | |
| | Closing Balance | 1.70.06,937 | - | | | | |
| | | | | | | | |
| v) | Mrs. Fatema Shabbir Kachwala | | | | | | |
| | Opening Balance | - | - | | | | |
| | Addition | 29,36,548 | - | | | | |
| | Repayment | 36,548 | - | | | | |
| | Closing Balance | 29,00,000 | - | | | | |
| | | | | | | | |
| **3** | **Interest on Loans** | | | | | | |
| i) | Mr. Sanjay Jashbhai Patel | 50,410 | 3,14,442 | | | | |
| ii) | Mrs. Taruna Patel | 2,21,903 | 27,591 | | | | |
| iii) | Mrs. Smita Patel | 6,00993 | 1,20,342 | | | | |
| iv) | Ms. Fatema kachwala | 36,548 | | | | | |
| v) | Mr. Shalin Patel | 36,548 | | | | | |
| | | | | | | | |
| **4** | **Job Work & Labour Charges** | | | | | | |
| i) | B.M. Electro Mechanical LLP | | | | | 775,04,509 | 5,52,99,686 |
| ii) | Saketh Seven Star Industries Private limited | | | | | 91,11,548 | - |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | **Revenue Expenditure – Lease Payments, Electricity, Repairs and Maintenance** | | | | | | |
| | Saketh Seven Star Industries Private limited | | | | | 6,94,547 | |
| | | | | | | | |
| 6 | **Revenue Receipts – Interest Income** | | | | | | |
| | Saketh Seven Star Industries Private limited | 52,566 | - | | | | |
| | Tembo Global LLC | 2,69,047 | - | | | | |
| | | | | | | | |
| 7 | **Capital Goods** | | | | | | |
| | Saketh Seven Star Industries Private limited | | | | | 23,14,570 | 9,26,500 |
| | | | | | | | |
| 8 | **Independent Director Sitting Fees** | | | | | | |
| | Mr. Jasbir Singh Anand | 10,000 | 10,000 | | | | |
| | Mr. Jehan Varaiva | 10,000 | 7,500 | | | | |

**7. Leases:**

The Company has entered into operating lease agreements. Disclosures required under AS 19 – Accounting for Leases is as given below:

Operating leases
Operating lease arrangements comprise of office and factory premises. All the lease agreements are cancellable with a notice period ranging from 2 months to 6 months.

Operating lease agreements for office and factory premises are for periods ranging from one to three years. Some of the leased premises can be renewed at terms mutually agreeable to the Company and the lessor.

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Lease rentals recognized in Statement of P&L for the year | 74,23,538 | 73,84,440 |

8. In accordance with Accounting Standards – 22 Accounting for Taxes on Income, issued by ICAI the Company has considered deferred Taxes during the year. The deferred tax Assets for the year 2020-21, amounting to Rs. 6,55,305/- arising on account of difference in Depreciation and other expenses has been adjusted to the Statement of Profit & Loss in accordance with the provision of AS-22.

9. The Management of the Company has, during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) -28 issued by the Institute of Chartered Accountants of India. Based on the judgment of the Management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

**10. Earnings Per Share:**

| | 2020-21 | 2019-20 |
|---|---|---|
| Profit after Tax (Rs.) | 3,46,69,589 | 2,45,04,490 |
| No. of Shares Outstanding | 1,00,46,000 | 50,23,000 |
| Basic Earnings per Share (Rs.) | 3.45 | 4.88 |
| Weighted No. of Shares Outstanding | 1,00,46,000 | 50,23,000 |
| Diluted Earnings per Share (Rs.) | 3.45 | 4.88 |

**11. Payment to Auditors:**

| Sr. No. | Particulars | 2020-21 (Rs.) | 2019-20 (Rs.) |
|---|---|---|---|
| a. | Audit Fees | 2,50,000 | 1,50,000 |
| | **Total** | **2,50,000** | **1,50,000** |

12. The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid at the yearend together with interest paid/ payable under this Act, has not been given.

**13. Earnings & Expenditure in Foreign Currency** **(Rs.)**

| **Earnings in Foreign Currency** | **2020-21** | **2019-20** |
|---|---|---|
| FOB value of Exports | 54,86,40,324 | 38,72,65,598 |
| **Expenditure in Foreign Currency** | | |
| CIF Value of Imports | 1,24,94,787 | 44,33,838 |
| Travelling Expenses | 8,27,634 | 62,39,527 |
| Commission & Others | 58,63,747 | 85,55,376 |

14. Balances for Trade Payables, Trade Receivables, Loans and Advances, Goods and Service Tax are subject to reconciliations and confirmations from the respective parties. In absence of such confirmations, the balances as per books have been relied upon by the auditors.

15. Previous year's figures have been regrouped / recast wherever necessary to correspond with the current year's classification disclosure.

**As per our report of even date**
**For R A Maru & Associates**
**Chartered Accountants**
**F. R. N. 141914W**

**Rumeet Anil Maru**
**Proprietor**
**M. No. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**For Tembo Global Industries Limited**

| | |
|---|---|
| **Sanjay Patel** | **Fatema Kachwala** |
| **Director** | **Director** |
| **DIN: 01958033** | **DIN: 06982324** |
| **Shabbir Merchant** | **Tasneem Marfatia** |
| **Chief Financial Officer (CFO)** | **Compliance Officer & Company Secretary** |

R A MARU & ASSOCIATES
Chartered Accountants
C/4, Khandwala Apartments CHSL, Vakola Pipe Line,
Gaodevi, Santacruz (East), Mumbai - 400 055.
Phone : 022 - 2268 0488 • Mob.: 80803 94548 / 83695 14810
E-mail : carumeetmaru@gmail.com

In Reply Please Quote

## Independent Auditor's Report

**To**
**The Members of**
**Tembo Global Industries Limited (Formerly known as Saketh Exim Limited)**

### Report on Audit of the Consolidated Financial Statements

**Opinion**

We have audited the accompanying consolidated financial statements of **Tembo Global Industries Limited (Formerly known as Saketh Exim Limited)** (hereinafter referred to as "the Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2021, the Consolidated Statement of Profit and Loss and the Consolidated Statement of Cash Flows for the period ended on that date, and a summary of the Consolidated 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 and based on the consideration of reports of other auditors on separate financial statements and other financial information of the subsidiaries, 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 Accounting Standards prescribed u/s. 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended and other accounting principles generally accepted in India, of the state of affairs of the company as at 31st March, 2021, the consolidated profit, and its consolidated cash flows for the period ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Emphasis of Matter**

We draw attention to Note 2 of the accompanying consolidated financial statements which describes the Management's evaluation of impact of uncertainties related to Covid-19 pandemic.
Our Opinion is not qualified in respect of these matters.

**Key Audit Matters**

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

| **Key Audit Matters** | **How are audit addressed the key audit matter** |
|---|---|
| **Capital Expenditure for Expansion** | |
| During the year under review the Holding Company has undertaken substantial expansion of the company's business and has purchased land at Vasai.<br>The Holding Company has committed substantial capital expenditure for development of land, manufacturing facilities including construction of factory shed, purchase of plant & machineries and other capital expenditure. This being a major expansion phase and the same has been considered as Key Audit Matter. | - We have understood the group's management decision making process, the steps and procedures involved in acquisition of land, verification of title deeds, 7/12 extract, agreements and other related formalities and documentation connected therewith.<br>- The Holding Company is in the process of placing orders for setting up of manufacturing facilities for which commitments have been made by the management and the same is verified with proforma invoices, Board Resolutions for capital expenditure and prima facie appears to be in order. |

**Other Information**

The Holding Company's management and Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Holding Company's Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and in doing so consider whether

the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

**Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("hereinafter referred as the Act") with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

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

* Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control 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 Holding Company 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 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's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
* Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
* Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities 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 financial information such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditor such other auditor remain responsible for

the direction, supervision and performance of the audit carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entity 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 compiled with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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

**Other Matters:**

We did not audit the financial statement/financial information of subsidiaries viz, Saketh Seven Star Industries Private Limited, Tembo Global INC & Tembo LLC (wef 16.06.2020) whose financial statement/financial information reflect total assets of Rs. 101.41/- lacs as at 31st March 2021, total revenues of Rs. 69.24 lacs total net loss after tax of Rs. 60.02 lacs and net cash outflows amounting to Rs. 0.84 lacs for the year ended on that date, as considered in the consolidated financial statements. The financial statement/financial information of Saketh Seven Star Industries Private Limited and Tembo LLC are audited by other auditors whose reports have been furnished to us by the management and details for Tembo Global INC are unaudited. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on report of such other auditor/management certification.

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 report of

the other auditor and the financial statements and other financial information certified by the management.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, 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 by the Group so far as it appears from our examination of those books and the reports of the other auditors.

(c) The consolidated Balance Sheet, dealt with by this Report is in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) The matter described in 'Emphasis of Matter' paragraph above in our opinion may not have an adverse effect on the functioning of the company.

(f) on the basis of the written representations received from the Directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, one of the Directors of the Group Companies incorporated in India is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in **"Annexure A"** and

(h) In our opinion and according to the information and explanations given to us, the remuneration paid by the Holding Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

(i) 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,

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

i. The Group does not have any pending litigations which would impact its consolidated financial position.

ii. The Group did not have any long term contracts including derivative contracts for which there are any material foreseeable losses;

iii. There were no amounts which were required to be transferred to Investor Education and Protection Fund.

**For R A Maru & Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**"Annexure - A" TO THE INDEPENDENT AUDITORS' REPORT on Consolidated Financial Statements**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report 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 consolidated financial statements of the company as of and for the period ended March 31, 2021, we have audited the internal financial controls over financial reporting of **Tembo Global Industries Limited (Formerly known as Saketh Exim Limited)** ("the Holding Company") and its subsidiary (the holding company and its subsidiary together referred to as "the Group") for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors and its subsidiary all incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by these entities 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 ('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 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 Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance

Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorization's 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 reports of the other auditors as referred to in the Other Matters paragraph the Holding Company and its Subsidiary 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 31 March 2021, based on the internal control over financial reporting criteria established by these entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under section 143 (3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over the financial reporting in so far as it relates to subsidiary companies, which is the Company incorporated in India and abroad, is based on the corresponding reports/management certification of the auditors of such Company incorporated in India and abroad. Our opinion is not qualified in respect of this matter.

**For R A Maru & Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

CONSOLE

# TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
BALANCE SHEET AS AT 31st MARCH 2021

| Particulars | Note No. | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES ::** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | 2 | 100,460,000 | | 50,230,000 | |
| Reserves and Surplus | 3 | 133,496,986 | 233,956,986 | 158,162,316 | 208,392,316 |
| Minority Interest | | | 695,701 | | |
| **Non Current Liabilities** | | | | | |
| Long Term Borrowings | 4 | 161,177,978 | | 57,877,439 | |
| Long Term Provisions | | - | 161,177,978 | - | 57,877,439 |
| **Current Liabilities** | | | | | |
| Short Term Borrowings | 5 | 130,413,967 | | 81,906,598 | |
| Trade Payables | 6 | | | | |
| (a) Total outstanding dues of micro enterprises and small enterprises | | | | | |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 170,854,525 | | 110,989,192 | |
| Other Current Liabilities | 7 | 110,471,152 | 411,739,644 | 46,137,947 | 239,033,737 |
| **Total...** | | | 807,570,309 | | 505,303,492 |
| **ASSETS ::** | | | | | |
| **Non-Current Assets** | | | | | |
| Fixed Assets | 8 | | | | |
| Tangible Assets | | 173,461,148 | | 66,691,763 | |
| Intangible Assets | | 5,625,624 | | 645,995 | |
| Capital Work-in-Progress | | 863,046 | 179,949,818 | 5,884,408 | 73,222,166 |
| Non Current Investment | 9 | - | | - | |
| Long Term Loans and Advances | 10 | 4,304,670 | | 2,363,270 | |
| Deferred Tax Assets | | 1,875,149 | | 1,212,982 | |
| Other Non Current Assets | 11 | 2,735,347 | 8,915,166 | 4,149,118 | 7,725,370 |
| **Current Assets** | | | | | |
| Inventories | 12 | 200,115,545 | | 130,187,538 | |
| Trade Receivables | 13 | 314,750,261 | | 201,885,050 | |
| Cash and Cash Equivalents | 14 | 27,641,585 | | 24,058,518 | |
| Short Term Loans and Advances | 15 | 73,734,043 | | 66,607,474 | |
| Other Current Assets | 16 | 2,463,891 | 618,705,325 | 1,617,374 | 424,355,954 |
| **Total...** | | | 807,570,309 | | 505,303,492 |

The accompanying notes 1 to 24 are an integral part of these financial statements.

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**For TEMBO GLOBAL INDUSTRIES LIMITED**

(SANJAY PATEL)
MANAGING DIRECTOR
DIN: 01958033

(FATEMA KACHWALA)
DIRECTOR
DIN: 00348305

(SHABBIR MERCHANT)
CHIEF FINANCIAL OFFICER

(TASNEEM MARFATIA)
COMPANY SECRETARY
& COMPLIANCE OFFICER

Note No. 2

2.1 Share Capital:

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **Authorised** | | |
| 1,10,00,000 Equity Shares of Rs. 10 each (PY 55,00,000 Equity Shares of Rs. 10 each) | 110,000,000 | 55,000,000 |
| | 110,000,000 | 55,000,000 |
| **Issued, Subscribed and Paid up** | | |
| 1,00,46,000 Equity Shares of Rs. 10 each (PY 50,23,000 Equity Shares of Rs. 10 each) | 100,460,000 | 50,230,000 |
| | 100,460,000 | 50,230,000 |

(a) The company has only one class of shares referred to as Equity shares having a par value of Rs. 10/-. Each holder of Equity shares is entitled to one vote per share.

(b) In the event of liquidation, the Equity Share Holders are eligible to recive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

**2.2) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars | Opening Balance | Fresh Issue | Bonus | ESOP | Conversion | Buy Back | Right Issue | Closing Balance |
|---|---|---|---|---|---|---|---|---|
| Equity Shares with voting rights | | | | | | | | |
| Year ended 31st March, 2021 | | | | | | | | 10,046,000 |
| No. of Shares | 5,023,000 | | 5,023,000 | | | | | 100,460,000 |
| Amount | 50,230,000 | | 50,230,000 | | | | | |
| Year ended 31st March, 2020 | | | | | | | | 5,023,000 |
| No. of Shares | 5,023,000 | | | | | | | 50,230,000 |
| Amount | 50,230,000 | | | | | | | |

**2.3) Details of shares held by each shareholder holding more than 5% shares:**

| Name of shareholder | As at 31 March, 2021 | | As at 31 March, 2020 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Fatema S. Kachwala | 3,207,000 | 31.92 | 1,603,500 | 31.92 |
| Sanjay J. Patel | 1,251,750 | 12.46 | 625,875 | 12.46 |
| Smita S. Patel | 888,750 | 8.84 | 444,375 | 8.84 |
| Taruna P. Patel | 1,038,750 | 10.33 | 519,375 | 10.33 |
| Piyush J. Patel | 623,750 | 6.20 | 311,875 | 6.20 |

**Note No. 3**
**Reserves and Surplus**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **a. General Reserve** | | |
| Balance at the beginning of the year | - | - |
| Add: During the year | - | - |
| Balance at the end of the year | - | - |
| **b. Securities Premium** | | |
| Balance at the beginning of the year | 68,158,000 | 68,158,000 |
| Add: During the year | 2,600,000 | - |
| Less: Capitalisation of Profits | 50,230,000 | - |
| Balance at the end of the year | 20,528,000 | 68,158,000 |
| **c. Surplus from Statement of Profit and Loss** | | |
| Balance at the beginning of the year | 90,004,316 | 69,138,529 |
| Add: Net Profit for the current year | 30,516,712 | 23,897,621 |
| Less Dividend Paid | (7,544,504) | (3,031,833) |
| Less: Share of Minority Interest | - | - |
| Balance at the end of the year | 112,976,525 | 90,004,316 |
| **d. Forign Currency Translation Reverse** | | |
| Balance at the beginning of the year | - | - |
| Add: For the Year | (7,538) | - |
| Balance at the end of the year | (7,538) | - |
| | 133,496,987 | 158,162,316 |

**Note No. 4**
**Long Term Borrowings**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **Secured Loans** | | |
| Vehicle Loan | 6,437,631 | 7,155,813 |
| (Secured against Hypothecation of Vehicle) | 32,997,777 | 10,034,843 |
| From Bank | | |
| (Secured by hypothecation in favour of SIDBI on all movable assets of borrowers including Movable Plant Machinery, Spares for machinery Tools & Accessories, Office Equipment, Computers, Furniture Fixture etc and Personal Guarantee of Directors) | 56,631,436 | 10,051,889 |
| From Financial Institutions | | |
| (Secured against Plant & Machinery, Spares for machinery, Tools etc and Personal Guarantee of Directors) | | |
| **Unsecured Loans (Considered Good)** | | |
| Term Loan from Banks | 3,055,752 | 10,154,632 |
| Term Loan from Financial Institution | 24,453,938 | 17,080,262 |
| Loans from Directors & Related Parties | 37,601,445 | 3,400,000 |
| | 161,177,979 | 57,877,439 |

**Note No. 5**
**Short Term Borrowings**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| **Secured Loans** | | |
| Bank Overdraft & Working Capital Finance | 130,413,967 | 81,906,598 |
| (Secured against Movable Property, Stock , Book Debts and Personal Guarantee of Directors and Promoters) | | |
| | 130,413,967 | 81,906,598 |

**Note No. 6**
**Trade Payables**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Small, Medium and Micro Enterprises | - | - |
| Other than Small, Medium and Micro Enterprises | 170,854,526 | 110,989,192 |
| | 170,854,526 | 110,989,192 |

**Note No. 7**
**Other Current Liabilities**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Current Maturities of Long Term Debts | 67,262,536 | 27,957,792 |
| Creditors for Expenses | 24,357,126 | 11,436,330 |
| Advances from Customers | 7,020,723 | 3,377,628 |
| Statutory Liabilities | 2,172,370 | 628,467 |
| Provision for Tax (Net of Advance Taxes) | 9,658,397 | 2,737,730 |
| | 110,471,152 | 46,137,947 |

**Note No. 9**
**Non-Current Investments**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| | - | - |
| | - | - |

**Note No. 10**
**Long Term Loans and Advances**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| | Rs. | Rs. |
| Security Deposits | 2,504,670 | 2,363,270 |
| Margin Money - Financial Institutions | 1,800,000 | - |
| | 4,304,670 | 2,363,270 |

**Note No. 11**
**Other Non-Current Assets**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| | Rs. | Rs. |
| Preliminary Expenditure (to the extent not Written Off) | 2,735,347 | 4,149,118 |
| | 2,735,347 | 4,149,118 |

**Note No. 12**
**Inventories**

| Particulars | 31st March 2021 | 31st March 2020 |
|---|---|---|
| | Rs. | Rs. |
| **(As taken valued and certified by the management; valuation as stated in Note No. 1)** | | |
| Raw Materials | 68,301,643 | 26,037,508 |
| Semi Finished Goods | 34,690,514 | 32,546,885 |
| Finished Goods(Manufacturing) | 84,663,091 | 55,745,004 |
| Finished Goods(Trading) | 12,460,297 | 15,858,142 |
| | 200,115,545 | 130,187,538 |

**Note No. 13**
**Trade Receivables**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Unsecured (considered good, unless otherwise stated) | | |
| Over six months | 40,824,502 | 16,669,673 |
| Others | 273,925,758 | 185,215,377 |
| | 314,750,260 | 201,885,050 |
| Less: Provision for doubtful debts | - | - |
| | **314,750,260** | **201,885,050** |

**Note No. 14**
**Cash and Cash Equivalents**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| a. Balances with Banks: | | |
| Current Accounts | 1,060,085 | 1,284,443 |
| Short Term Deposits* | 26,161,296 | 22,541,153 |
| | 27,221,381 | 23,825,596 |
| b. Cash on Hand | 420,205 | 232,922 |
| | **27,641,585** | **24,058,518** |

*Maturity less than 12 Months

**Note No. 15**
**Short Term Loans and Advances**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Capital Advances | 1,426,800 | 2,035,789 |
| Trade Advances to Suppliers | 8,464,571 | 23,809,311 |
| Loans and Advances to Staff | 2,071,460 | 1,557,629 |
| Balances with Revenue Authorities | 61,771,212 | 39,204,745 |
| | **73,734,043** | **66,607,474** |

**Note No. 16**
**Other Current Assets**

| Particulars | 31st March 2021 Rs. | 31st March 2020 Rs. |
|---|---|---|
| Prepaid Expenses | 309,770 | 1,221,012 |
| Other Receivables | 2,154,121 | 396,362 |
| | **2,463,891** | **1,617,374** |

**NOTE 1**

**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021**

**COMPANY OVERVIEW**

These statements comprise financial statements of Tembo Global Industries Limited (Formerly known as Saketh Exim Limited) (CIN: L29253MH2010PLC204331) ('the company') and its 3 subsidiaries Saketh Seven Star Industries Private Limited, Tembo Global INC & Tembo Global LLC (w.e.f. 16.06.2020) (Jointly referred to as the "Group" herein under) for the year ended March 31, 2021. The company is a public company domiciled in India and was incorporated on 16.06.2010 under the provisions of the Companies Act 1956 applicable in India. The Registered Office of the company is situated at D-146/147, MIDC TTC Industrial, Estate, Opp Balmer Lawrie, Turbhe, Navi Mumbai 400703

The Group is principally engaged in the activities pertaining manufacture of pipe hangers and trading of fabrics.

These Consolidated financial statements were approved by the Board of Directors and authorised for issue on June 14, 2021.

**SIGNIFICANT ACCOUNTING POLICIES**

**I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP') and comply with Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current –non-current classification of assets and liabilities.

Consolidated Financial Statements are presented in Indian Rupees (INR) which is the Group's functional currency.

## II. BASIS FOR CONSOLIDATION:

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity 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 Company. Where the end of the reporting period of the other group companies is different from that of the Parent Company, those companies prepare, for consolidation purpose, additional financial information as of the same date as the financial statements of the Parent Company to enable the Parent Company to consolidate the financial information of those companies, unless it is impracticable to do so.

The consolidated financial statements present the consolidated accounts of Tembo Global Industries Limited with its following subsidiaries, and associates:

| Name of the Company | Country of Incorporation | % of Voting Power as at 31st March 2021 | % of Voting Power as at 31st March 2020 |
|---|---|---|---|
| Saketh Seven Star Industries Private Limited | India | 75.00 | 100.00 |
| Tembo Global INC | USA | 100.00 | 100.00 |
| Tembo Global LLC | Egypt | 70.00 | 70.00 |

**Subsidiaries**

a) A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company.

b) The Company combines the financial statements of the parent and its subsidiary companies on a line-by-line basis, adding together like items of assets, liabilities, equity, income and expenses. Inter-company transactions, balances and

unrealized gains on transactions among the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

**III. USE OF ESTIMATES:**

The Preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities and the disclosures of contingent liabilities at the end of reporting period.

**IV. FIXED ASSETS AND DEPRECIATION/ AMORTIZATION**

(i) Gross Fixed Assets are stated at historical cost of acquisition / construction net of Cenvat credit/Input Credit under VAT on capital goods. Depreciation on tangible assets is provided on Written Line Method as specified in Schedule II to The Companies Act, 2013. Intangible Assets are amortized as per AS-26 issued by The Institute of Chartered Accountants of India.

(ii) Fixed assets are eliminated from financial statements either on disposal or when retired from active use. The retired assets are disposed off or discarded immediately. Profit or loss on disposal of assets is recognized in the statement of profit and loss.

(iii) Depreciation is provided on pro-rata basis from the day in which assets have been put to use and up to the day on which assets have been used by the company.

**V. IMPAIRMENT OF ASSETS:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**VI. FOREIGN CURRENCY TRANSACTIONS:**

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monctary items denominated in foreign currencies at the year-end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

**VII. REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods have passed to the buyer which normally coincides with the despatch of goods from the factory of the company. Sales are disclosed net of trade discount, Sales returns.

Revenue in respect of insurance, interest, cash subsidy and other claims is recognized only when it is reasonably certain that the ultimate collection will be made.

Export incentives under the Duty Draw Back Scheme, Merchandise Exports from India Scheme (MEIS) etc. are accounted in the year of export.

**VIII. OPERATING LEASES:**

Lease arrangements where risk and rewards incidental to ownership of an asset, substantially vests with the Lessor, are classified as operating leases.

Rental expenses are recognized in the statement of Profit & Loss as per the rental agreements entered between the company and the lessor.

**IX. INVESTMENTS:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long – term investments. Provisions, if any are made for permanent

diminution in value of investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long – term investments are carried at cost.

**X. INVENTORIES:**

i) Raw materials and packing materials are valued at landed cost determined on FIFO Basis net off VAT/CENVAT, wherever applicable.

ii) The finished goods have been valued at weighted average cost or net realizable value whichever is less.

iii) Trading goods have been valued at cost or net realizable value whichever is less.

iv) Semi-finished goods have been valued at estimated weighted average cost, as certified by the management.

**XI. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized, as applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**XII. TAXES ON INCOME:**

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**XIII. EARNINGS PER SHARE:**

Basic Earnings per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the

weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end.

**XIV. CASH & CASH EQUIVALENTS:**

Cash and Cash Equivalents in the Balance Sheet comprise of cash at bank and in hand and Term deposits with banks with original maturity of 1 year or more.

**XV. PROVISIONS AND CONTINGENCIES:**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**XVI. ACCOUNTING POLICIES:**

Accounting Policies not specifically referred to are consistent and in consonance with generally accepted accounting principles.

**TEMBO GLOBAL INDUSTRIES LIMITED**
**(Formerly Known as SAKETH EXIM LIMITED)**
**CIN: L29253MH2010PLC204331**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2021**

| Particulars | 2020-2021 | | 2019-2020 | |
|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| Net Profit Before Tax and Extraordinary Items | | 40,367,522 | | 32,939,268 |
| Adjustments for - | | | | |
| Depreciation | 13,931,966 | | 9,441,632 | |
| Reserve For Doubtful Debt | - | | 46,920 | |
| Interest Received | (1,187,047) | | (1,275,100) | |
| Finance Cost | 23,391,273 | 36,136,192 | 15,958,922 | 24,172,374 |
| Operating Profit Before Working Capital Changes | | 76,503,714 | | 57,111,642 |
| Adjustments for - | | | | |
| Trade Receivables | (112,865,211) | | (31,643,217) | |
| Inventories | (69,928,007) | | (48,613,561) | |
| Short Term Loans & Advances | (7,126,569) | | (13,387,932) | |
| Other Non Current & Current Assets | 567,254 | | 1,757,569 | |
| Long Term Loans & Advances | (1,941,400) | | (173,180) | |
| Trade and Other Payables | 59,865,333 | | 37,661,116 | |
| Other Current Liabilities | 18,107,794 | (113,320,806) | 2,873,044 | (51,526,161) |
| **Cash Generated From Operations** | | **(36,817,091)** | | **5,585,481** |
| Tax Expense | | (5,449,146) | | (10,312,485) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **(42,266,237)** | | **(4,727,004)** |
| **B CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| Purchase of Fixed Assets | (120,659,618) | | (29,455,097) | |
| Investment In Subsidery | - | | | |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(120,659,618)** | | **(29,455,097)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| Proceeds (Repayments) from Long Term Borrowings | 103,300,539 | | 62,875,320 | |
| Proceeds (Repayments) from Short Term Borrowings | 87,812,113 | | (1,480,571) | |
| Proceeds from Subsidiary Company Fresh Issue | 2,545,000 | | - | |
| Securities Premium | 2,600,000 | | - | |
| Dividend Paid | (7,544,504) | | (3,031,833) | |
| Interest Received | 1,187,047 | | 1,275,100 | |
| Finance Cost | (23,391,273) | | (15,958,922) | |
| | 166,508,922 | | 43,679,094 | |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **166,508,922** | | **43,679,094** |
| **Net Increase in Cash and Cash Equivalents** | | 3,583,066 | | 9,496,993 |
| Cash and cash equivalents as at beginning of the year | | 24,058,519 | | 14,561,526 |
| Cash and cash Equivalents as at end of the year | | **27,641,585** | | **24,058,519** |

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**For TEMBO GLOBAL INDUSTRIES LIMITED**

**(SANJAY PATEL)**
**MANAGING DIRECTOR**
**DIN: 01958033**

**(FATEMA KACHWALA)**
**DIRECTOR**
**DIN: 00348305**

**(SHABBIR MERCHANT)**
**CHIEF FINANCIAL OFFICER**

**(TASNEEM MARFATIA)**
**COMPANY SECRETARY**
**& COMPLIANCE OFFICER**

# TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2021

| Particulars | Note No. | 31st March 2021 | | 31st March 2020 | |
|---|---|---|---|---|---|
| **REVENUE :** | | | | | |
| Revenue from Operations | 17 | 1,053,165,204 | | 787,266,630 | |
| Other Income | 18 | 1,187,047 | | 1,595,376 | |
| **Total Revenue** | | 1,054,352,251 | | 788,862,006 | |
| **EXPENSES :** | | | | | |
| Cost of Materials Consumed | 19 | 354,598,500 | | 246,321,774 | |
| Cost of Traded Goods | | 405,490,472 | | 332,280,514 | |
| Changes in Inventories | 20 | (18,599,687) | | (33,900,412) | |
| Employee Benefit Expenses | 21 | 29,640,265 | | 25,017,412 | |
| Finance Costs | 22 | 23,391,273 | | 15,958,922 | |
| Depreciation and Amortization | | 13,931,966 | | 9,441,632 | |
| Other Expenses | 23 | 205,241,361 | | 160,802,896 | |
| **Total Expenses** | | 1,013,694,152 | | 755,922,738 | |
| **Profit Before Tax** | | 40,658,099 | | 32,939,268 | |
| Less: Prior Period Expenses | | (290,577) | | - | |
| **Tax Expenses** | | | | | |
| Current Tax | | (12,490,000) | | (8,850,000) | |
| Earlier Year Tax | | 127,724 | | (120,050) | |
| Deferred Tax | | 662,167 | (11,700,109) | (71,597) | (9,041,647) |
| **Net Profit for the year** | | 28,667,413 | | 23,897,621 | |
| Profit attribiutable to Equity Shareholders | | 30,516,712 | | 23,897,621 | |
| (Loss)/Profit attribiutable to Minority Interest | | (1,849,299) | | - | |
| **Net Profit for the year** | | 28,667,413 | | 23,897,621 | |
| **Earnings per Equity Share of Face Value Rs. 10/- share** | | | | | |
| Basic Earning Per Share | | 2.85 | | 4.76 | |
| Diluted Earning Per Share | | 2.85 | | 4.76 | |

The accompanying notes 1 to 24 are an integral part of these financial statements.

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**
**UDIN: 21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**For TEMBO GLOBAL INDUSTRIES LIMITED**

**(SANJAY PATEL)**
**MANAGING DIRECTOR**
**DIN: 01958033**

**(FATEMA KACHWALA)**
**DIRECTOR**
**DIN: 00348305**

**(SHABBIR MERCHANT)**
**CHIEF FINANCIAL OFFICER**

**(TASNEEM MARFATIA)**
**COMPANY SECRETARY**
**& COMPLIANCE OFFICER**

**Note No. 17**
**Revenue from Operations**

| Particulars | 2020-2021 Rs. | | 2019-2020 Rs. | |
|---|---|---|---|---|
| **Sale of Products** | | | | |
| **Manufacturing Sales** | | | | |
| Export Sales | 557,360,890 | | 387,265,598 | |
| Domestic Sales | 43,119,932 | | 36,399,377 | |
| Less: Sales Returns | (89,702) | 600,391,120 | - | 423,664,975 |
| **Trading Sales** | | | | |
| Domestic Sales | | 416,972,092 | | 333,277,341 |
| **Other Operating Revenue** | | | | |
| Foreign Currency Fluctuation Gain | 2,549,833 | | 6,980,263 | |
| Export Incentives | 23,840,569 | | 17,976,138 | |
| Freight Charges | 9,411,590 | | 5,223,828 | |
| Discount & Rebate | - | 35,801,991 | 144,085 | 30,324,314 |
| | | 1,053,165,204 | | 787,266,630 |

**Note No. 18**
**Other Income**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| Interest Income | 1,102,982 | 1,275,100 |
| Miscellaneous Income | 84,065 | 320,276 |
| | 1,187,047 | 1,595,376 |

**Note No. 19**
**Cost of Materials Consumed**

| Particulars | 2020-2021 Rs. | | 2019-2020 Rs. | |
|---|---|---|---|---|
| Opening Stock | 26,037,508 | | 11,324,359 | |
| Add: Purchases | 405,926,821 | | 261,034,923 | |
| | 431,964,329 | | 272,359,282 | |
| Less: Closing Stock | (77,365,828) | 354,598,500 | (26,037,508) | 246,321,774 |
| | | 354,598,500 | | 246,321,774 |

**Note No. 20**
**Changes in Inventories (Traded Goods)**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| **Opening Stock** | | |
| Traded Goods | 15,858,142 | - |
| **Closing Stock** | | |
| Traded Goods | 12,460,297 | 15,858,142 |
| | 3,397,845 | (15,858,142) |

**Changes in Inventories (Manufactured Goods)**

| Particulars | 2020-2021 Rs. | | 2019-2020 Rs. | |
|---|---|---|---|---|
| **Opening Stock** | | | | |
| Finished Goods | 71,603,146 | | 39,553,362 | |
| Work-in-Progress | 16,688,743 | 88,291,888 | 30,696,256 | 70,249,618 |
| **Closing Stock** | | | | |
| Finished Goods | 75,598,906 | | 71,603,146 | |
| Semi Finished Goods | 34,690,514 | 110,289,420 | 16,688,743 | 88,291,888 |
| | | (21,997,532) | | (18,042,270) |

**Note No. 21**
**Employee Benefit Expenses**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| Salaries, Wages, Allowances and Bonus | 21,906,659 | 18,986,866 |
| Director's Remuneration | 6,200,000 | 4,200,000 |
| Staff Welfare Expenses | 1,533,606 | 1,830,546 |
| | 29,640,265 | 25,017,412 |

**Note No. 22**
**Finance Costs**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| Interest on: | | |
| Working Capital Finance & Term Loans | 20,888,303 | 14,257,128 |
| Unsecured loans from Directors & Promoters | 1,145,130 | - |
| Other Financial Costs | 1,357,840 | 1,701,794 |
| | 23,391,273 | 15,958,922 |

**Note No. 23**
**Other Expenses**

| Particulars | 2020-2021 Rs. | 2019-2020 Rs. |
|---|---|---|
| **Manufacturing Expenses** | | |
| Power & Fuel | 7,857,002 | 5,895,303 |
| Repairs to Machinery | 3,637,545 | 3,145,522 |
| Packing Materials and Charges | - | 6,940 |
| Transportation Expenses | 13,419,811 | 10,024,710 |
| Job Work & Labour Charges | 107,304,980 | 77,210,852 |
| Other Manufacturing Expenses | 9,114,620 | 3,711,667 |
| **Selling and Distribution Expenses** | | |
| Commission | 4,907,880 | 6,167,444 |
| Courier, Freight and Insurance | 19,233,335 | 14,048,033 |
| **Administrative and Other Expenses** | | |
| Travelling & Conveyance Expenses | 1,864,551 | 8,792,070 |
| Rent Paid | 8,635,715 | 7,468,440 |
| Rates and Taxes | 75,218 | 142,377 |
| Insurance Premium | 1,645,232 | 1,510,946 |
| Repairs - Computer | 164,736 | 135,789 |
| Repairs - Vehicles | 279,961 | 138,941 |
| Office Expenses | 976,496 | 1,210,382 |
| Electricity Expenses | 620,804 | 340,700 |
| Registration Charges | 263,905 | 55,622 |
| Advertisement and Business Promotion | 209,899 | 5,219,962 |
| Legal and Professional Fees | 2,913,756 | 1,205,536 |
| Roc Fees | 548,610 | - |
| Stamp Duty | 476,992 | - |
| Payments to Auditor | 280,000 | 150,000 |
| Printing & Stationery | 781,094 | 1,038,472 |
| Telephone Charges | 88,300 | 115,049 |
| Reserve for Doubtful Debts | - | 46,920 |
| Bad Debts | - | 324,864 |
| Bank discount, Commission and Other Charges | 3,977,602 | 2,028,474 |
| Sundry Balance Writen Off | 1,207,735 | 4,209,312 |

| | | |
|---|---|---|
| Preliminery Expenses Written Off | 1,343,216 | 1,343,216 |
| General expenses | 13,412,371 | 5,115,353 |
| | 205,241,366 | 160,802,896 |

Note (i) Payment to Auditors

| Particulars | 2020-21 | 2019-20 |
|---|---|---|
| Statutory Audit Fees | 250,000 | 150,000 |
| **Total** | **250,000** | **150,000** |

**Note 24: NOTES TO ACCOUNTS**

1. Contingent Liabilities not provided for in respect of: **(Rs)**

| Sr. No. | Particulars | 2020-21 | 2019-20 |
|---|---|---|---|
| 1. | Letter of Credit (LC) | 4,29,12,000 | 1,35,05,000 |
| 2. | Income Tax matters | 58,12,099 | 58,12,099 |
| | **Total** | **4,87,24,099** | **1,93,17,099** |

Estimated amount of Contracts remaining to be executed on account of Capital Account not provided for as on 31.03.2021 is Rs. 5,41,300 (P.Y.2,07,000)

2. The Group has assessed the possible impact of second wave of COVID-19 on its financial statements based on the internal and external information available upto the date of approval of these financial statements and concluded that no adjustments in these statements (including carrying value of assets and liabilities). The company continues to monitor the future economic conditions which may impact the company's financial performance.

3. In the opinion of the management of the Group, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realized in the ordinary course of business.

4. The management of the Group has certified that, none of the employees have put in the required number of years of service to be eligible for Gratuity and accordingly the provisions of The Gratuity Act, 1971 & Accounting Standard -15 (AS-15) notified by The Institute of Chartered Accountants of India are not applicable to the company.

5. **Segment Reporting:**

The Company is having two business Segments viz, Manufacturing of Pipe Hangers and Trading of Fabric: (Amount in Rs.)

| Particulars | Manufacturing Division (Pipe Hangers) | | Trading Division (Fabric) | | Total for the Year Ended | |
|---|---|---|---|---|---|---|
| | 2020-21 | 2019-20 | 2020-21 | 2019-20 | 2020-21 | 2019-20 |
| Segment Revenue | 62,92,68,888 | 45,39,89,289 | 41,69,72,092 | 33,32,77,341 | **1,04,62,40,980** | 78,72,66,630 |
| Segment Results (P&L) | 3,82,02,785 | 1,56,94,310 | 80,83,775 | 1,78,51,827 | 4,62,86,560 | 3,35,46,137 |
| Tax Expenses | 95,88,110 | 51,14,580 | 20,28,861 | 39,27,067 | 1,16,16,971 | 90,41,647 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net Profit / (Loss) | 2,86,14,675 | 1,05,79,730 | 60,54,914 | 1,39,24,760 | 3,46,69,589 | 2,45,04,490 |
| Segment Assets | 58,57,01,465 | 48,85,05,991 | 21,17,27,797 | 1,34,44,910 | 79,74,29,262 | 50,19,51,901 |
| Segment Liabilities | 47,94,52,038 | 26,12,48,237 | 8,18,52,953 | 3,17,03,479 | 56,13,04,991 | 29,29,51,716 |

**6. Related Party Transactions:**

**a) Subsidiary Companies**

1. Saketh Seven Star Industries Private Limited
2. Tembo LLC (W.e.f. 16.06.2020)
3. Tembo USA Inc *

*No funds for investments have been transferred till the date of report

**b) Associates**

Tembo Exim Private Limited

**c) Key Managerial Personnel (KMP)**

Mr. Sanjay Jashbhai Patel – Managing Director
Mrs. Taruna Patel - Director
Mr. Shalin Sanjay Patel – Director
Ms. Fatema Shabbir Kachwala – Director (W.e.f.23.02.2021)
Mrs. Smita Sanjay Patel- Director (resigned W.e.f.23.02.2021)
Mr. Shabbir Merchant - Chief Financial Officer
Ms. Tasneem Marfatia– Company Secretary & Compliance Officer

**d) Relatives of Key Managerial Personnel**

Mr. Piyush Patel – Brother of Managing Director
Mrs. Smita Sanjay Patel – Spouse of Director

**e) Others**

B.M. Electro Mechanical LLP – Firm of Promoter & CFO

**f) Related Party Transactions**

(Rs)

| Sr. no | Particulars | Director(s)/KMP | | Relatives | | Others | |
|---|---|---|---|---|---|---|---|
| | | 31.03.21 | 31.03.20 | 31.03.21 | 31.03.20 | 31.03.21 | 31.03.20 |
| 1 | Remuneration | | | | | | |
| i) | Mr. Sanjay Patel | 42,00,000 | 42,00,000 | | | | |
| ii) | Mr. Piyush Patel | - | | 18,00,000 | 25,98,000 | | |
| iii) | Mr. Shalin Patel | 20,00,000 | 25,00,000 | | | | |
| | | | | | | | |
| 2 | Loans(Liability) | | | | | | |
| i) | Sanjay Jashbhai Patel | | | | | | |
| | Opening Balance | - | - | | | | |
| | Addition | 1,30,60,410 | 1,48,28,668 | | | | |
| | Repayment | 1,30,55,785 | 1,48,28,668 | | | | |
| | Closing Balance | 4,625 | - | | | | |
| | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| ii) | Shalin Sanjay Patel | | | | | | |
| | Opening Balance | | | | | | |
| | Addition | 52,35,092 | - | | | | |
| | Repayment | 2,30,467 | - | | | | |
| | Closing Balance | 50,04,625 | - | | | | |
| | | | | | | | |
| iii) | Taruna Piyush Patel | | | | | | |
| | Opening Balance | - | 6,52,549 | | | | |
| | Addition | 1,13,31,903 | 27,980 | | | | |
| | Repayment | 3,29,591 | 6,80,529 | | | | |
| | Closing Balance | 1,10,02,312 | - | | | | |
| | | | | | | | |
| iv) | Smita Sanjay Patel | | | | | | |
| | Opening Balance | | | | | | |
| | Addition | 2,0,1,10,993 | 41,59,967 | | | | |
| | Repayment | 31,04,056 | 41,59,967 | | | | |
| | Closing Balance | 1.70.06,937 | - | | | | |
| | | | | | | | |
| v) | Fatema Shabbir Kachwala | | | | | | |
| | Opening Balance | - | - | | | | |
| | Addition | 29,36,548 | - | | | | |
| | Repayment | 36,548 | - | | | | |
| | Closing Balance | 29,00,000 | - | | | | |
| | | | | | | | |
| **3** | **Interest on Loans** | | | | | | |
| i) | Mr. Sanjay Patel | 50,410 | 3,14,442 | | | | |
| ii) | Mrs. Taruna Patel | 2,21,903 | 27,591 | | | | |
| iii) | Mrs. Smita Patel | 6,00993 | 1,20,342 | | | | |
| iv) | Ms. Fatema Kachwala | 36,548 | | | | | |
| v) | Mr. Shalin Patel | 36,548 | | | | | |
| | | | | | | | |
| **4** | **Job Work & Labour Charges** | | | | | | |
| i) | B.M. Electro Mechanical LLP | | | | | 775,04,509 | 5,52,99,686 |
| | | | | | | | |
| **9** | **Independent Director Sitting Fees** | | | | | | |
| | Mr. Jasbir Singh Anand | 10,000 | 10,000 | | | | |
| | Mr. Jehan Varaiva | 10,000 | 7,500 | | | | |

7. Leases:

The Group has entered into operating lease agreements. Disclosures required under AS 19 – Accounting for Leases is as given below:

Operating leases
Operating lease arrangements comprise of office and factory premises. All the lease agreements are cancellable with a notice period ranging from 2 months to 6 months.

Operating lease agreements for office and factory premises are for periods ranging from one to three years. Some of the leased premises can be renewed at terms mutually agreeable to the Company and the lessor.

(Rs.)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|---|---|
| Lease rentals recognized in Statement of profit & loss for the year | 86,35,715 | 74,68,440 |

8. In accordance with Accounting Standards – 22 Accounting for Taxes on Income, issued by ICAI the Company has considered deferred Taxes during the year. The deferred tax Assets for the year 2020-21, amounting to Rs. 6,62,167/- arising on account of difference in Depreciation and other expenses has been adjusted to the Statement of Profit & Loss in accordance with the provision of AS-22.

9. The Management of the Group has during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) -28 issued by the Institute of Chartered Accountants of India. Based on the judgment of the Management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

| 10. Earnings Per Share: | 2020-21 | 2019-20 |
|---|---|---|
| Profit after Tax (Rs.) | 2,86,67,413 | 2,38,97,621 |
| No. of Shares Outstanding | 1,00,46,000 | 50,23,000 |
| Basic Earnings per Share (Rs.) | 2.85 | 4.76 |
| Weighted No. of Shares Outstanding | 1,00,46,000 | 50,23,000 |
| Diluted Earnings per Share (Rs.) | 2.85 | 4.76 |

11. Payment to Auditors:

| Sr. No. | Particulars | 2020-21 (Rs.) | 2019-20 (Rs.) |
|---|---|---|---|
| a. | Audit Fees | 2,50,000 | 1,50,000 |
| | **Total** | **2,50,000** | **1,50,000** |

12. The Group has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amount unpaid at the yearend together with interest paid/ payable under this Act, has not been given.

13. **Earnings & Expenditure in Foreign Currency** **(Rs.)**

| **Earnings in Foreign Currency** | **2020-21** | **2019-20** |
|---|---|---|
| FOB value of Exports | 54,86,40,324 | 38,72,65,598 |
| **Expenditure in Foreign Currency** | | |
| CIF Value of Imports | 1,24,94,787 | 44,33,838 |
| Travelling Expenses | 8,27,634 | 62,39,527 |
| Commission & Others | 58,63,747 | 85,55,376 |

14. Balances for Trade Payables, Trade Receivables, Loans and Advances, Goods and Service Tax are subject to reconciliations and confirmations from the respective parties. In absence of such confirmations, the balances as per books have been relied upon by the auditors.

15. Previous year's figures have been regrouped / recast wherever necessary to correspond with the current year's classification disclosure.

**As per our report of even date**
**For R A Maru & Associates**
**Chartered Accountants**
**F. R. N. 141914W**

**Rumeet Anil Maru**
**Proprietor**
**M. No. 166417**
**UDIN-21166417AAAABH8894**

**Place: Mumbai**
**Date: 14.06.2021**

**For Tembo Global Industries Limited**

| | |
|---|---|
| **Sanjay Patel** | **Fatema Kachwala** |
| **Director** | **Director** |
| **DIN: 01958033** | **DIN: 06982324** |
| **Shabbir Merchant** | **Tasneem Marfatia** |
| **Chief Financial Officer (CFO)** | **Compliance Officer & Company Secretary** |

TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
BALANCE SHEET AS AT 31st MARCH 2020

| Particulars | Note No. | 31st March 2020 | | 31st March 2019 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES ::** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | 2 | 5,02,30,000 | | 5,02,30,000 | |
| Reserves and Surplus | 3 | 15,87,69,185 | 20,89,99,185 | 13,72,96,529 | 18,75,26,529 |
| **Non Current Liabilities** | | | | | |
| Long Term Borrowings | 4 | 5,44,77,439 | | 1,62,11,441 | |
| Long Term Provisions | | | 5,44,77,439 | | 1,62,11,441 |
| **Current Liabilities** | | | | | |
| Short Term Borrowings | 5 | 8,19,06,598 | | 8,33,87,169 | |
| Trade Payables | 6 | 11,07,47,934 | | 7,33,28,076 | |
| Other Current Liabilities | 7 | 4,58,19,745 | 23,84,74,277 | 2,33,94,267 | 18,01,09,512 |
| | Total... | | 50,19,50,901 | | 38,38,47,482 |
| **ASSETS ::** | | | | | |
| **Non-Current Assets** | | | | | |
| Fixed Assets | 8 | | | | |
| Tangible Assets | | 6,66,91,763 | | 5,24,90,791 | |
| Intangible Assets | | 6,45,995 | | 5,58,750 | |
| Capital Work-in-Progress | | 29,88,654 | 7,03,26,412 | 1,55,414 | 5,32,04,955 |
| Non Current Investment | 9 | 30,00,000 | | - | |
| Long Term Loans and Advances | 10 | 23,68,120 | | 21,90,090 | |
| Deferred Tax Assets | | 12,12,982 | | 12,84,579 | |
| Other Non Current Assets | 11 | 38,82,923 | 1,04,64,026 | 51,77,229 | 86,51,898 |
| **Current Assets** | | | | | |
| Inventories | 12 | 13,01,87,538 | | 8,15,73,977 | |
| Trade Receivables | 13 | 20,18,85,050 | | 17,02,88,753 | |
| Cash and Cash Equivalents | 14 | 2,27,59,669 | | 1,45,61,526 | |
| Short Term Loans and Advances | 15 | 6,47,10,831 | | 5,32,19,542 | |
| Other Current Assets | 16 | 16,17,374 | 42,11,60,463 | 23,46,832 | 32,19,90,630 |
| | Total... | | 50,19,50,901 | | 38,38,47,482 |

The accompanying notes 1 to 23 are an integral part of these financial statements.

AS PER OUR REPORT OF EVEN DATE
For R A MARU & ASSOCIATES
CHARTERED ACCOUNTANTS
F. R. N. 141914W

RUMEET ANIL MARU
PROPRIETOR
M. NO. 166417
UDIN: 20166417AAAAAL9657

Place: Mumbai
Date: 26.06.2020

For TEMBO GLOBAL INDUSTRIES LIMITED

(SANJAY PATEL)
MANAGING DIRECTOR
DIN: 01958033

(SMITA PATEL)
DIRECTOR
DIN: 00348305

(SHABBIR MERCHANT)
CHIEF FINANCIAL OFFICER

(TASNEEM MARFATIA)
COMPANY SECRETARY
& COMPLIANCE OFFICER

TEMBO GLOBAL INDUSTRIES LIMITED NAVI MUMBAI

# TEMBO GLOBAL INDUSTRIES LIMITED (Formerly Known as SAKETH EXIM LIMITED)

**NOTE: 1**

**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2020**

**CORPORATE INFORMATION**

These statements comprise financial statements of Tembo Global Industries Limited (Formerly known as Saketh Exim Limited) (CIN: L29253MH2010PLC204331) ('the company') for the period ended March 31, 2020. The company is a public company domiciled in India and was incorporated on 16.06.2010 under the provisions of the Companies Act 1956 applicable in India. The Registered Office of the company is situated at D-146/147, MIDC TTC Industrial, Estate, Opp Balmer Lawrie, Turbhe, Navi Mumbai 400703

The Company is principally engaged in the activities pertaining manufacture of pipe hangers and trading of fabrics.

**SIGNIFICANT ACCOUNTING POLICIES**

**I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

These financial statements have been prepared and presented under the historical cost conversion, on the accrual basis of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP') and comply with Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current –non-current classification of assets and liabilities.

**II. USE OF ESTIMATES:**

The Preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that

affect the reported amounts of revenues, expenses, asset and liabilities and the disclosures of contingent liabilities at the end of reporting period.

## III. FIXED ASSETS AND DEPRECIATION/ AMORTIZATION

(i) Gross Fixed Assets are stated at historical cost of acquisition / construction net of Cenvat credit/Input Credit under VAT on capital goods. Depreciation on tangible assets is provided on Written Line Method as specified in Schedule II to The Companies Act, 2013. Intangible Assets are amortized as per AS-26 issued by The Institute of Chartered Accountants of India.

(ii) Fixed assets are eliminated from financial statements either on disposal or when retired from active use. The retired assets are disposed off or discarded immediately. Profit or loss on disposal of assets is recognized in the statement of profit and loss.

(iii) Depreciation is provided on pro-rata basis from the day in which assets have been put to use and up to the day on which assets have been used by the company.

## IV. IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## V. FOREIGN CURRENCY TRANSACTIONS:

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward

exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

## VI. REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods have passed to the buyer which normally coincides with the despatch of goods from the factory of the company. Sales are disclosed net of trade discount, Sales returns.

Revenue in respect of insurance, interest, cash subsidy and other claims is recognized only when it is reasonably certain that the ultimate collection will be made.

Export incentives under the Duty Entitlement Pass Book Scheme, Duty Draw Back Scheme, etc. are accounted in the year of export.

## VII. OPERATING LEASES:

Lease arrangements where risk and rewards incidental to ownership of an asset, substantially vests with the Lessor, are classified as operating leases.

Rental expenses on assets obtained under operating lease arrangement are recognized on a straight line basis over a term of the lease.

## VIII. INVESTMENTS:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long – term investments. Provisions, if any are made for permanent diminution in value of investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long – term investments are carried at cost.

## IX. INVENTORIES:

i) Raw materials and packing materials are valued at landed cost determined on FIFO Basis net off VAT/CENVAT, wherever applicable.

ii) The finished and trading goods have been valued at cost or net realizable value whichever is less.

iii) Semi finished goods have been valued at estimated cost, as certified by the management.

## X. BORROWING COSTS:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized, as applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

## XI. TAXES ON INCOME:

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## XII. EARNINGS PER SHARE:

Basic Earnings per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end.

**XIII. CASH & CASH EQUIVALENTS:**

Cash and Cash Equivalent in the Balance Sheet comprise of cash at bank and in hand and Term deposits with banks with original maturity of 1 year or more.

**XIV. PROVISIONS AND CONTINGENCIES:**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**XV. ACCOUNTING POLICIES:**

Accounting Policies not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2020

| Particulars | Note No. | 31st March 2020 | | 31st March 2019 | |
|---|---|---|---|---|---|
| REVENUE : | | | | | |
| Revenue from Operations | 17 | | 78,72,66,630 | | 61,52,03,759 |
| Other Income | 18 | | 15,95,376 | | 8,33,573 |
| Total Revenue | | | 78,88,62,006 | | 61,60,37,332 |
| EXPENSES : | | | | | |
| Cost of Materials Consumed | 19 | | 24,63,21,774 | | 22,19,36,211 |
| Cost of Traded Goods | | | 33,22,80,514 | | 18,90,70,680 |
| Changes in Inventories | 20 | | (3,39,00,412) | | 6,78,456 |
| Employee Benefit Expenses | 21 | | 2,47,25,912 | | 1,63,58,564 |
| Finance Costs | 22 | | 1,58,82,326 | | 1,44,93,770 |
| Depreciation and Amortization | | | 94,41,632 | | 67,21,576 |
| Other Expenses | 23 | | 16,05,64,123 | | 13,74,46,639 |
| Total Expenses | | | 75,53,15,869 | | 58,67,05,896 |
| Profit Before Tax | | | 3,35,46,137 | | 2,93,31,436 |
| Less: Prior Period Expenses | | | | | |
| Tax Expenses | | | | | |
| Current Tax | | (88,50,000) | | (87,00,000) | |
| Earlier Year Tax | | (1,20,050) | | (87,730) | |
| Deferred Tax | | (71,597) | (90,41,647) | 1,68,022 | (86,19,708) |
| Net Profit for the year | | | 2,45,04,490 | | 2,07,11,728 |
| Earnings per Equity Share of Face Value Rs. 10/- share | | | | | |
| Basic Earning Per Share | | | 4.88 | | 4.12 |
| Diluted Earning Per Share | | | 4.88 | | 4.50 |

The accompanying notes 1 to 23 are an integral part of these financial statements.

AS PER OUR REPORT OF EVEN DATE
For R A MARU & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R. N. 141914W

For TEMBO GLOBAL INDUSTRIES LIMITED

TEMBO GLOBAL INDUSTRIES LIMITED NAVI MUMBAI

JMEET ANIL MARU
PROPRIETOR
M. NO. 166417
UDIN: 20166417AAAAAL9657

(SANJAY PATEL)
MANAGING DIRECTOR
DIN: 01958033

(SMITA PATEL)
DIRECTOR
DIN: 00348305

(SHABBIR MERCHANT)
CHIEF FINANCIAL OFFICER

(TASNEEM MARFATIA)
COMPANY SECRETARY
& COMPLIANCE OFFICER

Place: Mumbai
Date: 26.06.2020

NOTES TO ACCOUNTS:

1. Contingent Liabilities not provided for in respect of: **(Rs. in Lacs)**

| Sr. No. | Particulars | 2019-2020 | 2018-2019 |
|---|---|---|---|
| 1. | Letter of Credit (LC) | 135.05 | 397.87 |
| 2. | Income Tax matters | 59.07 | 59.07 |
| | **Total** | **135.05** | **397.87** |

Estimated amount of Contracts remaining to be executed on account of Capital Account not provided for as on 31.03.2020 is Rs. 2.07 lacs (P.Y.NIL)

2. COVID-19 has caused significant disruptions to the business across India. The management has considered the possible effects, if any, that may impact the carrying amount of inventories, receivables, tangible & intangible assets. In making the assumptions and estimates relating to the uncertainties as at the balance sheet in relation to the recoverable amounts, the management has considered subsequent events, internal and external information and evaluated economic conditions prevailing as at the date of approval of these financial results. The management expects no impairment to the carrying value of these assets. The management will continue to closely monitor any changes to future economic conditions and assess its impact on operations.

3. In the opinion of the Board of Directors of the Company, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realized in the ordinary course of business.

4. According to The Management of the company has certified that, none of the employees have put in the required number of years of service to be eligible for Gratuity and accordingly the provisions of The Gratuity Act, 1971 & Accounting Standard -15 (AS-15) notified by The Institute of Chartered Accountants of India are not applicable to the company

5. **Segment Reporting:**

The Company is having two business Segments viz, Manufacturing of Pipe Hangers and Trading of Fabric: (Rs. In Lacs)

| Particulars | Manufacturing Division (Pipe Hangers) | | Trading Division (Fabric) | | Total for the Year Ended | |
|---|---|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Segment Revenue | 4,539.89 | 4,241.22 | 3,332.77 | 1,910.81 | 7,872.67 | 6,152.03 |
| Segment Results (P&L) | 156.94 | 273.20 | 178.52 | 20.11 | 478.03 | 293.31 |
| Tax Expenses | 51.14 | 80.97 | 39.27 | 5.22 | 90.42 | 86.19 |
| Net Profit / (Loss) | 156.94 | 192.23 | 178.52 | 14.89 | 335.46 | 207.12 |
| Segment Assets | 3,675.02 | 2799.35 | 1,344.49 | 1,039.12 | 5,091.51 | 3,838.47 |
| Segment Liabilities | 2,612.48 | 1679.92 | 317.03 | 283.28 | 2,929.51 | 1,963.20 |

**6. Related Party Transactions:**

**a) Subsidiary Companies**

1. Saketh Seven Star Industries Private Limited (W.e.f. 09.10.2019)
2. Tembo LLC (W.e.f. 05.03.2020)* In the process of Winding up
3. Tembo USA Inc (W.e.f. 13.12.2019)*

*No funds for investments have been transferred till the date of report

**b) Associates**

**NIL**

**c) Key Managerial Personnel (KMP)**

Mr. Sanjay Jashbhai Patel – Managing Director
Mr. Shabbir Merchant - Chief Financial Officer
Mrs. Taruna Patel - Director
Mrs. Smita Sanjay Patel – Director
Miss. Tasneem Marfatia– Company Secretary & Compliance Officer

**d) Relatives of Key Managerial Personnel**

Mr. Shalin Sanjay Patel – Son of Managing Director
Mr. Piyush Patel – Brother of Managing Director

**e) Others**

B.M. Electro Mechanical LLP – Firm of Promoter & CFO

**f) Related Party Transactions** (Rs. in Lacs)

| Particulars | Director(s)/ KMP | Relatives | Others |
|---|---|---|---|
| **Remuneration** | | | |
| Mr. Sanjay Jashbhai Patel | 42.00 | - | - |
| Mr. Piyush Patel | - | 25.98 | - |
| Mr. Shalin Patel | - | 25.00 | - |
| | | | |
| **Interest on Loans** | | | |
| Mr. Sanjay Jashbhai Patel | 3.14 | - | - |
| Mrs. Taruna Patel | 0.27 | - | - |
| Mrs. Smita Patel | 0.85 | - | - |
| | | | |
| **Job Work & Labour Charges** | | | |
| B.M. Electro Mechanical LLP | - | - | 584.78 |
| | | | |
| **Independent Director Sitting Fees** | | | |
| Mr. Jasbir Singh Anand | 0.10 | - | - |
| Mr. Jehan Varaiva | 0.075 | - | - |
| | | | |

**7.** In accordance with Accounting Standards – 22 Accounting for Taxes on Income, issued by ICAI the Company has considered deferred Taxes during the year. The deferred tax Liability for the year 2019-20, amounting to Rs. 71,597/- arising on account of difference in Depreciation and other expenses has been adjusted to the Statement of Profit & Loss in accordance with the provision of AS-22.

8. The Management of the Company has, during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) -28 issued by the Institute of Chartered Accountants of India. Based on the judgment of the Management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

9. **Earnings Per Share:**

| | 2019-20 | 2018-19 |
|---|---|---|
| Profit after Tax (Rs.) | 2,45,04,490 | 2,07,11,728 |
| No. of Shares Outstanding | 50,23,000 | 50,23,000 |
| Basic Earnings per Share (Rs.) | 4.88 | 4.12 |
| Weighted No. of Shares Outstanding | 50,23,000 | 46,07,644 |
| Diluted Earnings per Share (Rs.) | 4.88 | 4.50 |

10. **Payment to Auditors:**

| Sr. No. | Particulars | 2019-20(Rs.) | 2018-19 (Rs.) |
|---|---|---|---|
| a. | Audit Fees | 200,000 | 100,000 |
| | **Total** | **2,00,000** | **1,00,000** |

11. **Earnings & Expenditure in Foreign Currency**

| | (Rs.) 2019-20 | (Rs.) 2018-19 |
|---|---|---|
| **Earnings in Foreign Currency** | | |
| FOB value of Exports | 38,72,65,598 | 37,89,54,738 |
| **Expenditure in Foreign Currency** | | |
| CIF Value of Imports | 44,33,838 | 57,62,622 |
| Travelling Expenses | 62,39,527 | 46,34,266 |
| Commission & Others | 85,55,376 | 11,95,163 |

12. Balances for Trade Payables, Trade Receivables, Loans and Advances, Goods and Service Tax are subject to reconciliations and confirmations from the respective parties. In absence of such confirmations, the balances as per books have been relied upon by the auditors.

13. Previous year's figures have been regrouped / recast wherever necessary to correspond with the current year's classification disclosure.

**As per our report of even date**
**For R A Maru & Associates**
**Chartered Accountants**
**F. R. N. 141514W**

**Rumeet Anil Maru**
**Proprietor**
**M. No. 166417**
**UDIN-20166417AAAAAL9657**

**Place: Mumbai**
**Date: 26.06.2020**

**For and behalf of the Board**

| | |
|---|---|
| **Sanjay Patel** | **Smita Patel** |
| **Director** | **Director** |
| **DIN: 01958033** | **DIN: 00348305** |
| **Shabbir Merchant** | **Tasneem Marfatia** |
| **Chief Financial Officer (CFO)** | **Compliance Officer & Company Secretary** |

TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2020

| Particulars | 2019-2020 | | 2018-2019 | |
|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| Net Profit Before Tax and Extraordinary Items | | 3,35,46,137 | | 2,93,31,436 |
| Adjustments for - | | | | |
| Depreciation | 94,41,632 | | 67,21,576 | |
| Reserve For Doubtful Debt | 46,920 | | 18,51,850 | |
| Interest Received | (12,75,100) | | (8,30,415) | |
| Finance Cost | 1,58,82,326 | 2,40,95,778 | 1,44,93,770 | 2,22,36,781 |
| Operating Profit Before Working Capital Changes | | 5,76,41,915 | | 5,15,68,217 |
| Adjustments for - | | | | |
| Trade Receivables | (3,16,43,217) | | 3,83,10,660 | |
| Inventories | (4,86,13,561) | | 17,12,293 | |
| Short Term Loans & Advances | (1,14,91,289) | | (2,23,67,064) | |
| Other Non Current & Current Assets | 20,23,764 | | (41,33,281) | |
| Long Term Loans & Advances | (1,78,030) | | (6,32,810) | |
| Trade and Other Payables | 3,74,19,858 | | (1,19,72,518) | |
| Other Current Liabilities | 25,54,842 | (4,99,27,633) | 13,54,017 | 22,71,298 |
| **Cash Generated From Operations** | | 77,14,282 | | 5,38,39,514 |
| Tax Expense | | (1,03,12,485) | | (46,73,973) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **(25,98,203)** | | **4,91,65,541** |
| **B CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| Purchase of Fixed Assets | (2,65,59,343) | | (1,74,33,855) | |
| Investment In Subsidery | (30,00,000) | | - | |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(2,95,59,343)** | | **(1,74,33,855)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| Proceeds (Repayments) from Long Term Borrowings | 5,94,75,320 | | (4,75,26,859) | |
| Proceeds (Repayments) from Short Term Borrowings | (14,80,571) | | (4,54,51,246) | |
| Dividend Paid | (30,31,833) | | - | |
| Share Capital Issued | - | | 1,12,30,000 | |
| Securities Premium Received | - | | 6,62,57,000 | |
| Interest Received | 12,75,100 | | 8,30,415 | |
| Finance Cost | (1,58,82,326) | | (1,44,93,770) | |
| **NET CASH USED IN FINANCING ACTIVITIES** | 4,03,55,690 | **4,03,55,690** | (2,91,54,460) | **(2,91,54,460)** |
| **Net Increase in Cash and Cash Equivalents** | | 81,98,144 | | 25,77,226 |
| Cash and cash equivalents as at beginning of the year | | 1,45,61,525 | | 1,19,84,299 |
| Cash and cash Equivalents as at end of the year | | **2,27,59,669** | | **1,45,61,525** |

AS PER OUR REPORT OF EVEN DATE
For R A MARU & ASSOCIATES
CHARTERED ACCOUNTANTS
F. R. N. 141914W

RUMEET ANIL MARU
PROPRIETOR
M. NO. 166417
UDIN: 20166417AAAAAL9657

Place: Mumbai
Date: 26.06.2020

For TEMBO GLOBAL INDUSTRIES LIMITED

(SANJAY PATEL)
MANAGING DIRECTOR
DIN: 01958033

(SMITA PATEL)
DIRECTOR
DIN: 00348305

(SHABBIR MERCHANT)
CHIEF FINANCIAL OFFICER

(TASNEEM MARFATIA)
COMPANY SECRETARY
& COMPLIANCE OFFICER

TEMBO GLOBAL INDUSTRIES LIMITED NAVI MUMBAI

Note No. 2

2.1 Share Capital:

| Particulars | 31st March 2020 Rs. | 31st March 2019 Rs. |
|---|---|---|
| **Authorised** | | |
| 55,00,000 Equity Shares of Rs. 10 each (PY 55,00,000 Equity Shares of Rs. 10 each) | 5,50,00,000 | 5,50,00,000 |
| | 5,50,00,000 | 5,50,00,000 |
| **Issued, Subscribed and Paid up** | | |
| 50,23,000 Equity Shares of Rs. 10 each (PY 50,23,000 Equity Shares of Rs. 10 each) | 5,02,30,000 | 5,02,30,000 |
| | 5,02,30,000 | 5,02,30,000 |

(a) The company has only one class of shares referred to as Equity shares having a par value of Rs. 10/-. Each holder of Equity shares is entitled to one vote per share.

(b) In the event of liquidation, the Equity Share Holders are eligible to recive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

**2.2) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars | Opening Balance | Fresh Issue | Bonus | ESOP | Conversion | Buy Back | Right Issue | Closing Balance |
|---|---|---|---|---|---|---|---|---|
| Equity Shares with voting rights | | | | | | | | |
| Year ended 31st March, 2020 | | | | | | | | |
| No. of Shares | 50,23,000 | | | | | | | 50,23,000 |
| Amount | 5,02,30,000 | | | | | | | 5,02,30,000 |
| Year ended 31st March, 2019 | | | | | | | | |
| No. of Shares | 39,00,000 | 11,23,000 | | | | | | 50,23,000 |
| Amount | 3,90,00,000 | 1,12,30,000 | | | | | | 5,02,30,000 |

**2.3) Details of shares held by each shareholder holding more than 5% shares:**

| Name of shareholder | As at 31 March, 2020 | | As at 31 March, 2019 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Fatema S. Kachwala | 16,03,500 | 31.92 | 16,03,500 | 31.92 |
| Sanjay J. Patel | 6,25,875 | 12.46 | 6,25,875 | 12.46 |
| Smita S. Patel | 4,44,375 | 8.84 | 4,44,375 | 8.84 |
| Taruna P. Patel | 5,19,375 | 10.33 | 5,19,375 | 10.33 |
| Piyush J. Patel | 3,11,875 | 6.20 | 3,11,875 | 6.20 |

Note No. 3

**Reserves and Surplus**

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| **a. General Reserve** | | |
| Balance at the beginning of the year | - | - |
| Add: During the year | - | - |
| Balance at the end of the year | - | - |
| **b. Securities Premium** | | |
| Balance at the beginning of the year | 6,81,58,000 | 19,01,000 |
| Add: During the year | - | 6,62,57,000 |
| Balance at the end of the year | 6,81,58,000 | 6,81,58,000 |
| **c. Surplus from Statement of Profit and Loss** | | |
| Balance at the beginning of the year | 6,91,38,529 | 3,49,85,956 |
| Add: Net Profit for the current year | 2,45,04,490 | 2,07,11,728 |
| Less Dividend Paid | (30,31,833) | - |
| Add: Adjustment of Opening Stock | - | 1,34,40,845 |
| Balance at the end of the year | 9,06,11,185 | 6,91,38,529 |
| | 15,87,69,185 | 13,72,96,529 |

Note No. 4

**Long Term Borrowings**

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| **Secured Loans** | | |
| Vehicle Loan (Secured against Hypothecation of Vehicle) | 1,55,813 | 11,47,513 |
| Term Loan from Bank (Hypothecation in favour of SIDBI on all movable assets of borrowers including Movable Plant Machinery, Machinery Spares Tools & Accessories, Office Equipment, Computers, Furniture Fixture etc) | 1,00,34,843 | 46,16,573 |
| Term loan from Financial Institutions (Secured against Plant & Machinery, Machinery Spares, Tools etc) | 1,00,51,889 | 97,94,806 |
| **Unsecured Loans** | | |
| Term Loan from Banks | 1,01,54,632 | - |
| Term Loan from Financial Institution | 1,70,80,262 | |
| Loans from Directors & Related Parties | - | 6,52,549 |
| | 5,44,77,439 | 1,62,11,441 |

Note No. 5
Short Term Borrowings

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| Secured Loans | | |
| Bank Overdraft & Working Capital Finance | 8,19,06,598 | 8,33,87,169 |
| (Secured against Movable Property, Stock , Book Debts and Personal Guarantee of Directors and Promoters) | | |
| | 8,19,06,598 | 8,33,87,169 |

Note No. 6
Trade Payables

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | `0.00 |
| Small, Medium and Micro Enterprises | - | - |
| Other than Small, Medium and Micro Enterprises | 11,07,47,934 | 7,33,28,076 |
| | 11,07,47,934 | 7,33,28,076 |

Note No. 7
Other Current Liabilities

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | Rs. |
| Current Maturities of Long Term Debts | 2,79,57,792 | 67,48,470 |
| Creditors for Expenses | 1,11,31,375 | 1,01,82,050 |
| Advances from Customers | 33,77,628 | 13,23,758 |
| Statutory Liabilities | 6,15,220 | 10,63,573 |
| Provision for Tax (Net of Advance Taxes) | 27,37,730 | 40,76,416 |
| | 4,58,19,745 | 2,33,94,267 |

Note No. 8
Fixed Assets

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April 2019 | Additions / Transfer | Deductions | As at 31st March 2020 | As at 1st April 2019 | Depreciation /Amortisation for the year | On Disposals / Write Off | As at 31st March 2020 | As at 31st March 2020 | As at 1st April 2019 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Tangible Assets** | | | | | | | | | | |
| Land under Lease | 1,28,44,550 | - | - | 1,28,44,550 | - | - | - | - | 1,28,44,550 | 1,28,44,550 |
| Buildings | 51,70,028 | - | - | 51,70,028 | 16,60,052 | 1,70,936 | - | 18,30,988 | 33,39,040 | 35,09,976 |
| Plant & Machinery | 4,23,57,860 | 1,50,38,977 | - | 5,73,96,837 | 1,23,86,120 | 63,87,918 | - | 1,87,74,038 | 3,86,22,799 | 2,99,71,740 |
| Electrical Installations | 16,13,609 | | - | 16,13,609 | 9,33,416 | | - | 9,33,416 | 6,80,193 | 6,80,193 |
| Furnitures & Fixtures | 95,12,469 | 2,29,174 | - | 97,41,643 | 66,75,648 | 7,98,674 | - | 74,74,322 | 22,67,322 | 28,36,821 |
| Air Conditioners | 3,65,960 | | - | 3,65,960 | 2,56,608 | | - | 2,56,608 | 1,09,352 | 1,09,352 |
| Vehicles | 52,69,428 | 70,38,547 | - | 1,23,07,975 | 31,34,992 | 8,68,856 | - | 40,03,848 | 83,04,127 | 21,34,436 |
| Office Equipment | 1,21,114 | 4,19,134 | - | 5,40,248 | 1,15,058 | 3,99,316 | - | 5,14,374 | 29,621 | 6,056 |
| Computers | 22,90,852 | 7,42,520 | - | 30,33,372 | 18,93,185 | 6,45,427 | - | 25,38,612 | 4,94,760 | 3,97,667 |
| **Sub-Total (A)** | 7,95,45,870 | 2,34,68,352 | - | 10,30,14,222 | 2,70,55,079 | 92,71,127 | - | 3,63,26,206 | 6,66,91,763 | 5,24,90,791 |
| **Intangible Assets** | | | | | | | | | | |
| Computer Software | 7,45,000 | 1,60,500 | - | 9,05,500 | 1,86,250 | 1,67,202 | - | 3,53,452 | 5,52,048 | 5,58,750 |
| Trademark | - | 97,251 | - | 97,251 | - | 3,304 | - | 3,304 | 93,947 | - |
| **Sub-Total (B)** | 7,45,000 | 2,57,751 | - | 10,02,751 | 1,86,250 | 1,70,506 | - | 3,56,756 | 6,45,995 | 5,58,750 |
| **Capital Work in Progress (C)** | 1,55,414 | 28,33,240 | - | 29,88,654 | - | - | - | - | 29,88,654 | 1,55,414 |
| **Grand Total (A+B+C)** | 8,04,46,284 | 2,65,59,343 | - | 10,70,05,627 | 2,72,41,329 | 94,41,633 | - | 3,66,82,962 | 7,03,26,412 | 5,31,04,955 |
| *Previous Year* | *6,30,12,429* | *1,74,33,855* | - | *8,04,46,284* | *2,04,41,566* | *67,21,572* | *78,191* | *2,72,41,329* | *5,32,04,955* | *4,25,70,863* |

Note No. 9
Non-Current Investments

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| Investment In Equity Insturment | | |
| Investment in Subsidiary (At Cost) | | |
| Saketh Seven Star Industries Private Limited (3,00,000 shares of Rs.10 each fully Paid up) | 30,00,000 | - |
| | 30,00,000 | - |

Note No. 10
Long Term Loans and Advances

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| Security Deposits | 18,46,170 | 21,90,090 |
| Advances to Subsidiary | 5,21,950 | - |
| | 23,68,120 | 21,90,090 |

Note No. 11
Other Non-Current Assets

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| Preliminary Expenditure (to the extent not Written Off) | 38,82,923 | 51,77,229 |
| | 38,82,923 | 51,77,229 |

Note No. 12
Inventories

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| (As taken valued and certified by the management; valuation as stated in Note No. 1) | | |
| Raw Materials | 2,60,37,508 | 1,13,24,359 |
| Semi Finished Goods | 3,25,46,885 | 3,06,96,256 |
| Finished Goods | 7,16,03,146 | 3,95,53,362 |
| | 13,01,87,538 | 8,15,73,977 |

**Note No. 13**
**Trade Receivables**

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| Unsecured (considered good, unless otherwise stated) | | |
| Over six months | | |
| Others | 20,18,85,050 | 17,02,88,753 |
| | 20,18,85,050 | 17,02,88,753 |
| Less: Provision for doubtful debts | - | - |
| | **20,18,85,050** | **17,02,88,753** |

**Note No. 14**
**Cash and Cash Equivalents**

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| a. Balances with Banks: | | |
| Current Accounts | 53,144 | 3,683 |
| Short Term Deposits | 2,25,41,153 | 1,42,54,772 |
| | 2,25,94,297 | 1,42,58,455 |
| b. Cash on Hand | 1,65,372 | 3,03,071 |
| | **2,27,59,669** | **1,45,61,526** |

**Note No. 15**
**Short Term Loans and Advances**

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | - |
| Capital Advances | 8,16,000 | 32,97,178 |
| Trade Advances to Suppliers* | 2,36,61,137 | 1,70,81,485 |
| Loans and Advances to Staff | 15,57,629 | 15,23,500 |
| Balances with Revenue Authorities | 3,86,76,065 | 3,13,17,379 |
| | 6,47,10,831 | 5,32,19,542 |

*Trade Advance to Suppliers - Rs. 1,03,00,000/- paid to Related Party.

**Note No. 16**
**Other Current Assets**

| Particulars | 31st March 2020 | 31st March 2019 |
|---|---|---|
| | Rs. | Rs. |
| Prepaid Expenses | 12,21,012 | 16,02,362 |
| Other Receivables | 3,96,362 | 7,44,470 |
| | **16,17,374** | **23,46,832** |

Note No. 17
Revenue from Operations

| Particulars | 2019-2020 | | 2018-2019 | |
|---|---|---|---|---|
| | Rs. | | Rs. | |
| **Sale of Products** | | | | |
| **Manufacturing Sales** | | | | |
| Export Sales | 38,72,65,598 | | 37,89,54,738 | |
| Domestic Sales | 3,63,99,377 | | 1,63,51,099 | |
| Less: Sales Returns | - | 42,36,64,975 | - | 39,53,05,837 |
| **Trading Sales** | | | | |
| Domestic Sales | | 33,32,77,341 | | 19,10,81,687 |
| **Other Operating Revenue** | | | | |
| Foreign Currency Fluctuation Gain | 69,80,263 | | 79,21,225 | |
| Export Incentives | 1,79,76,138 | | 1,79,17,613 | |
| Freight Charges | 52,23,828 | | 18,21,567 | |
| Discount & Rebate | 1,44,085 | 3,03,24,314 | 11,55,830 | 2,88,16,235 |
| | | 78,72,66,630 | | 61,52,03,759 |

Note No. 18
Other Income

| Particulars | 2019-2020 | 2018-2019 |
|---|---|---|
| | Rs. | Rs. |
| Interest Income | 12,75,100 | 8,30,415 |
| Miscellaneous Income | 3,20,276 | 3,158 |
| | 15,95,376 | 8,33,573 |

Note No. 19
Cost of Materials Consumed

| Particulars | 2019-2020 | | 2018-2019 | |
|---|---|---|---|---|
| | Rs. | | Rs. | |
| Opening Stock | 1,13,24,359 | | 1,23,58,196 | |
| Add: Purchases | 26,10,34,923 | | 22,09,02,374 | |
| | 27,23,59,282 | | 23,32,60,570 | |
| Less: Closing Stock | (2,60,37,508) | 24,63,21,774 | (1,13,24,359) | 22,19,36,211 |
| | | 24,63,21,774 | | 22,19,36,211 |

Note No. 20
Changes in Inventories

| Particulars | 2019-2020 | | 2018-2019 | |
|---|---|---|---|---|
| | Rs. | | Rs. | |
| **Opening Stock** | | | | |
| Finished Goods | 3,95,53,362 | | 3,00,01,009 | |
| Work-in-Progress | 3,06,96,256 | 7,02,49,618 | 4,09,27,065 | 7,09,28,074 |
| **Closing Stock** | | | | |
| Finished Goods | 7,16,03,146 | | 3,95,53,362 | |
| Semi Finished Goods | 3,25,46,885 | 10,41,50,030 | 3,06,96,256 | 7,02,49,618 |
| | | (3,39,00,412) | | 6,78,456 |

Note No. 21
Employee Benefit Expenses

| Particulars | 2019-2020 Rs. | 2018-2019 Rs. |
|---|---|---|
| Salaries, Wages, Allowances and Bonus | 1,86,95,366 | 98,78,326 |
| Director's Remuneration | 42,00,000 | 60,00,000 |
| Staff Welfare Expenses | 18,30,546 | 4,80,238 |
| | 2,47,25,912 | 1,63,58,564 |

Note No. 22
Finance Costs

| Particulars | 2019-2020 Rs. | 2018-2019 Rs. |
|---|---|---|
| Interest | | |
| Working Capital Finance & Term Loans | 1,42,57,128 | 1,43,04,772 |
| Other Financial Costs | 16,25,198 | 1,88,998 |
| | 1,58,82,326 | 1,44,93,770 |

Note No. 23
Other Expenses

| Particulars | 2019-2020 Rs. | 2018-2019 Rs. |
|---|---|---|
| Manufacturing Expenses | | |
| Power & Fuel | 58,84,023 | 41,18,780 |
| Repairs to Machinery | 31,14,081 | 73,90,657 |
| Transportation Expenses | 1,00,17,710 | 1,22,24,495 |
| Job Work & Labour Charges | 7,72,10,852 | 5,76,43,798 |
| Other Manufacturing Expenses | 37,18,607 | 1,13,80,692 |
| Selling and Distribution Expenses | | |
| Commission | 61,67,444 | 21,05,163 |
| Courier, Freight and Insurance | 1,40,48,033 | 1,24,84,480 |
| Administrative and Other Expenses | | |
| Travelling Expenses | 84,67,037 | 52,50,835 |
| Rent Paid | 73,84,440 | 63,77,000 |
| Rates and Taxes | 1,42,377 | 1,39,690 |
| Insurance Premium | 14,99,759 | 1,33,669 |

| | | |
|---|---|---|
| **Repairs and Maintenance:** | | |
| Computer | 1,35,789 | 1,39,077 |
| Vehicles | 1,38,941 | 2,21,090 |
| Office Expenses | 12,10,382 | 13,65,543 |
| Electricity Expenses | 3,40,700 | 3,69,520 |
| Registration Charges | 55,622 | 1,91,953 |
| Advertisement and Business Promotion | 52,19,962 | 40,54,364 |
| Legal and Professional Fees | 11,10,536 | 4,20,031 |
| Payments to Auditor | 2,00,000 | 1,25,000 |
| Conveyance Charges | 3,25,033 | 45,281 |
| Printing & Stationery | 10,38,472 | 9,28,628 |
| Telephone Charges | 1,15,049 | 1,05,046 |
| Reserve for Doubtful Debts | 46,920 | 14,49,595 |
| Bad Debts | 3,24,864 | - |
| Bank discount, Commission and Other Charges | 20,28,474 | 25,42,655 |
| Sundry Balance Writen Off | 42,09,312 | 6,15,595 |
| General expenses | 64,09,704 | 56,24,002 |
| | **16,05,64,123** | **13,74,46,639** |

Note (i) Payment to Auditors

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| Statutory Audit Fees | 2,00,000 | 1,00,000 |
| Total | 2,00,000 | 1,00,000 |

TEMBO GLOBAL INDUSTRIES LIMITED
(Formerly Known as SAKETH EXIM LIMITED)
CIN: L29253MH2010PLC204331
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2020

| Particulars | Note No. | 31st March 2020 | |
|---|---|---|---|
| EQUITY AND LIABILITIES :: | | | |
| **Shareholders' Funds** | | | |
| Share Capital | 2 | 5,02,30,000 | |
| Reserves and Surplus | 3 | 15,81,62,316 | 20,83,92,316 |
| **Non Current Liabilities** | | | |
| Long Term Borrowings | 4 | 5,78,77,439 | |
| Long Term Provisions | | | 5,78,77,439 |
| **Current Liabilities** | | | |
| Short Term Borrowings | 5 | 8,19,06,598 | |
| Trade Payables | 6 | 11,09,89,192 | |
| Other Current Liabilities | 7 | 4,61,37,947 | 23,90,33,737 |
| Total... | | | 50,53,03,492 |
| ASSETS :: | | | |
| **Non-Current Assets** | | | |
| Fixed Assets | 8 | | |
| Tangible Assets | | 6,72,43,814 | |
| Intangible Assets | | 93,948 | |
| Capital Work-in-Progress | | 58,84,408 | 7,32,22,170 |
| Non Current Investment | | - | |
| Long Term Loans and Advances | 9 | 23,63,270 | |
| Deferred Tax Assets | | 12,12,982 | |
| Other Non Current Assets | 10 | 41,49,118 | 77,25,370 |
| **Current Assets** | | | |
| Inventories | 11 | 13,01,87,538 | |
| Trade Receivables | 12 | 20,18,85,050 | |
| Cash and Cash Equivalents | 13 | 2,40,58,518 | |
| Short Term Loans and Advances | 14 | 6,66,07,474 | |
| Other Current Assets | 15 | 16,17,374 | 42,43,55,954 |
| Total... | | | 50,53,03,492 |

The accompanying notes 1 to 22 are an integral part of these financial statements.

AS PER OUR REPORT OF EVEN DATE

For R A MARU & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R.N. 141914W

RUMEET ANIL MARU
PROPRIETOR
M. NO. 166417
UDIN: 20166417AAAAAL9657

Place: Mumbai

Date: 26.06.2020

For TEMBO GLOBAL INDUSTRIES LIMITED

(SANJAY PATEL)
MANAGING DIREC
DIN: 01958033

(SMITA PATEL)
DIRECTOR
DIN: 00348305

(SHABBIR MERCHANT)
CHIEF FINANCIAL OFFICER

(TASNEEM MARFATIA)
COMPANY SECRETARY & COMPLIANCE OFFICER

**NOTE: 1**

**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2020**

**COMPANY OVERVIEW**

These statements comprise financial statements of Tembo Global Industries Limited (Formerly known as Saketh Exim Limited) (CIN: L29253MH2010PLC204331) ('the company') and its subsidiaries (Jointly referred to as the "Group" herein under) for the period ended March 31, 2020. The company is a public company domiciled in India and was incorporated on 16.06.2010 under the provisions of the Companies Act 1956 applicable in India. The Registered Office of the company is situated at D-146/147, MIDC TTC Industrial, Estate, Opp Balmer Lawrie, Turbhe, Navi Mumbai 400703

The Group is principally engaged in the activities pertaining manufacture of pipe hangers and trading of fabrics.

The Subsidiaries considered in these consolidated financial Statement are as follows:

| Name of the Company | Country of Incorporation | % of Voting Power as at 31st March 2020 |
|---|---|---|
| Saketh Seven Star Industries Private Limited | India | 100.00 |
| Tembo Global INC | USA | 100.00 |
| Tembo Global LLC | Egypt | 67.00 |

**SIGNIFICANT ACCOUNTING POLICIES**

**I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

These financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP') and comply with Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current –non-current classification of assets and liabilities.

## II. USE OF ESTIMATES:

The Preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities and the disclosures of contingent liabilities at the end of reporting period.

## III. FIXED ASSETS AND DEPRECIATION/ AMORTIZATION

(i) Gross Fixed Assets are stated at historical cost of acquisition / construction net of Input Tax Credit under Service Tax, VAT, Goods & Service Tax on capital goods.

Depreciation on tangible assets is provided on Written Down Value Method as specified in Schedule II to The Companies Act, 2013. Intangible Assets are amortized as per AS-26 issued by The Institute of Chartered Accountants of India.

(ii) Fixed assets are eliminated from financial statements either on disposal or when retired from active use. The retired assets are disposed off or discarded immediately. Profit or loss on disposal of assets is recognized in the statement of profit and loss.

(iii) Depreciation is provided on pro-rata basis from the day in which assets have been put to use and up to the day on which assets have been used by the company.

## IV. IMPAIRMENT OF ASSETS:

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## V. FOREIGN CURRENCY TRANSACTIONS:

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

## VI. REVENUE RECOGNITION:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods have passed to the buyer which normally coincides with the despatch of goods from the factory of the company. Sales are disclosed net of trade discount, Sales returns.

Revenue in respect of insurance, interest, cash subsidy and other claims is recognized only when it is reasonably certain that the ultimate collection will be made.

Export incentives under the Duty Entitlement Pass Book Scheme, Duty Draw Back Scheme, etc. are accounted in the year of export.

## VII. OPERATING LEASES:

Lease arrangements where risk and rewards incidental to ownership of an asset, substantially vests with the Lessor, are classified as operating leases.

Rental expenses on assets obtained under operating lease arrangement are recognized on a straight-line basis over a term of the lease.

## VIII. INVESTMENTS:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long – term investments. Provisions, if any are made for permanent

diminution in value of investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long – term investments are carried at cost.

**IX. INVENTORIES:**

i) Raw materials and packing materials are valued at cost or net realizable value net off Input Tax Credit under Goods & Service Tax wherever applicable.

ii) The finished and trading goods have been valued at cost or net realizable value whichever is less.

iii) Semi finished goods have been valued at estimated cost, as certified by the management.

**X. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized, as applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**XI. TAXES ON INCOME:**

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**XII. EARNINGS PER SHARE:**

Basic Earnings per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the

weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end.

**XIII. CASH & CASH EQUIVALENTS:**

Cash and Cash Equivalents in the Balance Sheet comprise of cash at bank and in hand and Term deposits with banks with original maturity of 1 year or more.

**XIV. PROVISIONS AND CONTINGENCIES:**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**XV. ACCOUNTING POLICIES:**

Accounting Policies not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

**TEMBO GLOBAL INDUSTRIES LIMITED**
**(Formerly Known as SAKETH EXIM LIMITED)**
**CIN: L29253MH2010PLC204331**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2020**

| Particulars | Note No. | | 31st March 2020 |
|---|---|---|---|
| **REVENUE :** | | | |
| Revenue from Operations | 16 | | 78,72,66,630 |
| Other Income | 17 | | 15,95,376 |
| **Total Revenue** | | | 78,88,62,006 |
| **EXPENSES :** | | | |
| Cost of Materials Consumed | 18 | | 24,63,21,774 |
| Cost of Traded Goods | | | 33,22,80,514 |
| Changes in Inventories | 19 | | (3,39,00,412) |
| Employee Benefit Expenses | 20 | | 2,50,17,412 |
| Finance Costs | 21 | | 1,59,58,922 |
| Depreciation and Amortization | | | 94,41,632 |
| Other Expenses | 22 | | 16,08,02,896 |
| **Total Expenses** | | | 75,59,22,738 |
| **Profit Before Tax** | | | 3,29,39,268 |
| Less: Prior Period Expenses | | | |
| **Tax Expenses** | | | |
| Current Tax | | (88,50,000) | |
| Earlier Year Tax | | (1,20,050) | |
| Deferred Tax | | (71,597) | (90,41,647) |
| **Net Profit for the year** | | | 2,38,97,621 |
| **Earnings per Equity Share of Face Value Rs. 10/- share** | | | |
| Basic Earning Per Share | | | 4.76 |
| Diluted Earning Per Share | | | 4.76 |

The accompanying notes 1 to 22 are an integral part of these financial statements.

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**
**UDIN: 20166417AAAAAL9657**

**Place: Mumbai**

**Date: 26.06.2020**

**For TEMBO GLOBAL INDUSTRIES LIMITED**

| (SANJAY PATEL) | (SMITA PATEL) |
|---|---|
| MANAGING DIRECTOR | DIRECTOR |
| DIN: 01958033 | DIN: 00348305 |
| (SHABBIR MERCHANT) | (TASNEEM MARFATIA) |
| CHIEF FINANCIAL OFFICER | COMPANY SECRETARY & COMPLIANCE OFFICER |

**NOTES TO ACCOUNTS:**

**1.** Contingent Liabilities not provided for in respect of: **(Rs. in Lacs)**

| Sr. No. | Particulars | 2019-2020 |
|---|---|---|
| 1. | Letter of Credit (LC) | 135.05 |
| 2. | Income Tax matters | 59.07 |
| | **Total** | **135.05** |

Estimated amount of Contracts remaining to be executed on account of Capital Account not provided for as on 31.03.2020 is Rs. 7.14 lacs

**2.** COVID-19 has caused significant disruptions to the business across India. The management has considered the possible effects, if any, that may impact the carrying amount of inventories, receivables, tangible & intangible assets. In making the assumptions and estimates relating to the uncertainties as at the balance sheet in relation to the recoverable amounts, the management has considered subsequent events, internal and external information and evaluated economic conditions prevailing as at the date of approval of these financial results. The management expects no impairment to the carrying value of these assets. The management will continue to closely monitor any changes to future economic conditions and assess its impact on operations.

**3.** In the opinion of the Board of Directors of the Company, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realized in the ordinary course of business.

**4.** The Management of the company has certified that none of the employees have put in the required number of years of service to be eligible for Gratuity and accordingly the provisions of The Gratuity Act, 1971 & Accounting Standard -15 (AS-15) notified by The Institute of Chartered Accountants of India does not apply to the company.

**5. Segment Reporting:**

The Company is having two business Segments viz, Manufacturing of Pipe Hangers and Trading of Fabric: **(Rs. In Lacs)**

| Particulars | Manufacturing Division (Pipe Hangers) | Trading Division (Fabric) | Total for the Year Ended |
|---|---|---|---|
| | 2019-20 | 2019-20 | 2019-20 |
| Segment Revenue | 4,539.89 | 3,332.77 | 7,872.67 |
| Segment Results (P&L) | 150.88 | 178.52 | 329.4 |
| Tax Expenses | 51.14 | 39.27 | 90.42 |
| Net Profit / (Loss) | 99.74 | 139.25 | 238.98 |
| Segment Assets | 3,675.02 | 1,344.49 | 5,091.51 |
| Segment Liabilities | 2,612.48 | 317.03 | 2,929.51 |

**6. Related Party Transactions:**

**a) Subsidiary Companies**

1. Saketh Seven Star Industries Private Limited (W.e.f. 09.10.2019)

2. Tembo LLC (W.e.f. 05.03.2020) * In the process of Winding up
3. Tembo USA Inc (W.e.f. 13.12.2019) *

*No funds for investments have been transferred till the date of report

**b) Associates**

**NIL**

**c) Key Managerial Personnel (KMP)**

Mr. Sanjay Jashbhai Patel – Managing Director
Mr. Shabbir Merchant - Chief Financial Officer
Mrs. Taruna Patel - Director
Mrs. Smita Sanjay Patel – Director
Miss. Tasneem Marfatia– Company Secretary & Compliance Officer

**d) Relatives of Key Managerial Personnel**

Mr. Shalin Sanjay Patel – Son of Managing Director
Mr. Piyush Patel – Brother of Managing Director

**e) Others**

B.M. Electro Mechanical LLP – Firm of Promoter & CFO

**f) Related Party Transactions** (Rs. in Lacs)

| Particulars | Director(s)/ KMP | Relatives | Others |
|---|---|---|---|
| **Remuneration** | | | |
| Mr. Sanjay Jashbhai Patel | 42.00 | - | - |
| Mr. Piyush Patel | - | 25.98 | - |
| Mr. Shalin Patel | 25.00 | - | - |
| **Interest on Loans** | | | |
| Mr. Sanjay Jashbhai Patel | 3.59 | - | - |
| Mrs. Taruna Patel | 0.27 | - | - |
| Mrs. Smita Patel | 0.85 | - | - |
| Mr. Shalin Patel | 0.30 | | |
| **Job Work & Labour Charges** | | | |
| B.M. Electro Mechanical LLP | - | - | 584.78 |
| **Independent Director Sitting Fees** | | | |
| Mr. Jasbir Singh Anand | 0.10 | - | - |
| Mr. Jehan Varaiva | 0.075 | - | - |

**7.** In accordance with Accounting Standards – 22 Accounting for Taxes on Income, issued by ICAI the Company has considered deferred Taxes during the year. The deferred tax Liability for the year 2019-20, amounting to Rs. 71,597/- arising on account of difference in Depreciation and other expenses has been adjusted to the Statement of Profit & Loss in accordance with the provision of AS-22.

**8.** The Management of the Company has, during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) -28 issued by the Institute of Chartered Accountants of

India. Based on the judgment of the Management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

**9. Earnings Per Share:**

| | (Rs.) 2019-20 |
|---|---|
| Profit after Tax (Rs.) | 2,38,97,621 |
| No. of Shares Outstanding | 50,23,000 |
| Basic Earnings per Share (Rs.) | 4.76 |
| Weighted No. of Shares Outstanding | 50,23,000 |
| Diluted Earnings per Share (Rs.) | 4.76 |

**10. Payment to Auditors:**

| Sr. No. | Particulars | 2019-20 (Rs.) |
|---|---|---|
| a. | Audit Fees | 200,000 |
| | **Total** | **2,00,000** |

**11. Earnings & Expenditure in Foreign Currency**

| | (Rs.) 2019-20 |
|---|---|
| **Earnings in Foreign Currency** | |
| FOB value of Exports | 38,72,65,598 |
| **Expenditure in Foreign Currency** | |
| CIF Value of Imports | 44,33,838 |
| Travelling Expenses | 62,39,527 |
| Commission & Others | 85,55,376 |

**12.** Balances for Trade Payables, Trade Receivables, Loans and Advances, Goods and Service Tax are subject to reconciliations and confirmations from the respective parties. In absence of such confirmations, the balances as per books have been relied upon by the auditors.

**13.** This is the first period of Consolidation and hence previous year figures are not applicable.

**As per our report of even date**
**For R A Maru & Associates**
**Chartered Accountants**
**F. R. N. 141914W**

**Rumeet Anil Maru**
**Proprietor**
**M. No. 166417**
**UDIN: 20166417AAAAAL9657**

**Place: Mumbai**
**Date: 26.06.2020**

**For Tembo Global Industries Limited**

**Sanjay Patel**
**Director**
**DIN: 01958033**

**Smita Patel**
**Director**
**DIN: 00348305**

**Shabbir Merchant**
**Chief Financial Officer (CFO)**

**Tasneem Marfatia**
**Compliance Officer & Company Secretary**

**TEMBO GLOBAL INDUSTRIES LIMITED**
**(Formerly Known as SAKETH EXIM LIMITED)**
**CIN: L29253MH2010PLC204331**
**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2020**

| Particulars | | 2019-2020 |
|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES :** | | |
| Net Profit Before Tax and Extraordinary Items | | 3,29,39,268 |
| Adjustments for - | | |
| Depreciation | 94,41,632 | |
| RDD | 46,920 | |
| Interest Received | (12,75,100) | |
| Finance Cost | 1,59,58,922 | 2,41,72,374 |
| Operating Profit Before Working Capital Changes | | 5,71,11,642 |
| Adjustments for - | | |
| Trade Receivables | (3,16,43,217) | |
| Inventories | (4,86,13,561) | |
| Short Term Loans & Advances | (1,33,87,932) | |
| Other Non Current & Current Assets | 17,57,569 | |
| Long Term Loans & Advances | (1,73,180) | |
| Trade and Other Payables | 3,76,61,116 | |
| Other Current Liabilities | 28,73,044 | (5,15,26,161) |
| **Cash Generated From Operations** | | **55,85,481** |
| Tax Expense | | (1,03,12,485) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **(47,27,004)** |
| **B CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| Purchase of Fixed Assets | (2,94,55,097) | |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(2,94,55,097)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES :** | | |
| Proceeds (Repayments) from Long Term Borrowings | 6,28,75,320 | |
| Proceeds (Repayments) from Short Term Borrowings | (14,80,571) | |
| Dividend Paid | (30,31,833) | |
| Share Capital Issued | | |
| Securities Premium Received | - | |
| Interest Received | 12,75,100 | |
| Finance Cost | (1,59,58,922) | |
| | 4,36,79,094 | |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **4,36,79,094** |
| **Net Increase in Cash and Cash Equivalents** | | 94,96,992 |
| Cash and cash equivalents as at beginning of the year | | 1,45,61,526 |
| Cash and cash Equivalents as at end of the year | | **2,40,58,518** |

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**
**UDIN: 20166417AAAAAL9657**

**Place: Mumbai**

**Date: 26.06.2020**

**For TEMBO GLOBAL INDUSTRIES LIMITED**

**(SANJAY PATEL)**
**MANAGING DIRECTOR**
**DIN: 01958033**

**(SMITA PATEL)**
**DIRECTOR**
**DIN: 00348305**

**(SHABBIR MERCHANT)**
**CHIEF FINANCIAL OFFICER**

**(TASNEEM MARFATIA)**
**COMPANY SECRETARY & COMPLIANCE OFFICER**

Note No. 2

2.1 Share Capital:

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| **Authorised** | |
| 55,00,000 Equity Shares of Rs. 10 each (PY 55,00,000 Equity Shares of Rs. 10 each) | 5,50,00,000 |
| | 5,50,00,000 |
| **Issued, Subscribed and Paid up** | |
| 50,23,000 Equity Shares of Rs. 10 each (PY 50,23,000 Equity Shares of Rs. 10 each) | 5,02,30,000 |
| | 5,02,30,000 |

(a) The company has only one class of shares referred to as Equity shares having a par value of Rs. 10/-. Each holder of Equity shares is entitled to one vote per share.

(b) In the event of liquidation, the Equity Share Holders are eligible to recive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

2.2) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | Opening Balance | Fresh Issue | Bonus | ESOP | Conversion | Buy Back | Right Issue | Closing Balance |
|---|---|---|---|---|---|---|---|---|
| Equity Shares with voting rights | | | | | | | | |
| Year ended 31st March, 2020 | | | | | | | | |
| No. of Shares | 50,23,000 | | | | | | | 50,23,000 |
| Amount | 5,02,30,000 | | | | | | | 5,02,30,000 |

2.3) Details of shares held by each shareholder holding more than 5% shares:

| Name of shareholder | As at 31 March, 2020 | |
|---|---|---|
| | Number of shares held | % holding in that class of shares |
| Fatema S. Kachwala | 16,03,500 | 31.92 |
| Sanjay J. Patel | 6,25,875 | 12.46 |
| Smita S. Patel | 4,44,375 | 8.84 |
| Taruna P. Patel | 5,19,375 | 10.33 |
| Piyush J. Patel | 3,11,875 | 6.20 |

**Note No. 3**
**Reserves and Surplus**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| **a. Securities Premium** | |
| Balance at the beginning of the year | 6,81,58,000 |
| Add: During the year | - |
| Balance at the end of the year | **6,81,58,000** |
| **b. Surplus from Statement of Profit and Loss** | |
| Balance at the beginning of the year | 6,91,38,529 |
| Add: Net Profit for the current year | 2,38,97,621 |
| Less Dividend Paid | (30,31,833) |
| Add: Adjustment of Opening Stock | - |
| Balance at the end of the year | **9,00,04,316** |
| | **15,81,62,316** |

**Note No. 4**
**Long Term Borrowings**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| **Secured Loans** | |
| Car Loan (Secured against Hypothecation of Car) | 71,55,813 |
| Term Loan from Banks (Hypothecation in favour of SIDBI on all movable assets of borrowers including Movable Plant Machinery, Machinery Spares Tools & Accessories, Office Equipment, Computers, Furniture Fixture etc) | 1,00,34,843 |
| Term loan from other (Secured against Plant & Machinery, Machinery Spares, Tools etc) | 1,00,51,889 |
| **Unsecured Loans** | |
| Term Loan from Banks | 1,01,54,632 |
| Term Loan from Financial Institution | 1,70,80,262 |
| Loans from Directors & Related Parties | 34,00,000 |
| | **5,78,77,439** |

**Note No. 5**
**Short Term Borrowings**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| **Secured Loans** | |
| Bank Overdraft & Working Capital Finance (Secured against Movable Property, Stock & Book Debts and Personal Guarantee of directors and promoters) | 8,19,06,598 |
| | **8,19,06,598** |

**Note No. 6**
**Trade Payables**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| Small, Medium and Micro Enterprises | - |
| Other than Small, Medium and Micro Enterprises | 11,09,89,192 |
| | **11,09,89,192** |

**Note No. 7**
**Other Current Liabilities**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| Current Maturities of Long Term Debts | 2,79,57,792 |
| Creditors for Expenses | 1,14,36,330 |
| Advances from customers | 33,77,628 |
| Statutory Liabilities | 6,28,467 |
| Provision for Tax (Net of Advance Taxes) | 27,37,730 |
| | **4,61,37,947** |

**Note No. 8**
**Fixed Assets**

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April 2019 | Additions / Transfer | Deductions | As at 31st March 2020 | As at 1st April 2019 | Depreciation /Amortisation for the year | On Disposals / Write Off | As at 31st March 2020 | As at 31st March 2020 | As at 1st April 2019 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Tangible Assets** | | | | | | | | | | |
| Land under Lease | 1,28,44,550 | - | - | 1,28,44,550 | - | - | - | - | 1,28,44,550 | 1,28,44,550 |
| Buildings | 51,70,028 | - | - | 51,70,028 | 16,60,052 | 1,70,936 | - | 18,30,988 | 33,39,040 | 35,09,976 |
| Plant & Machinery | 4,23,57,860 | 1,50,38,977 | - | 5,73,96,837 | 1,23,86,120 | 63,87,918 | - | 1,87,74,038 | 3,86,22,799 | 2,99,71,740 |
| Electrical Installations | 16,13,609 | | - | 16,13,609 | 9,33,416 | | - | 9,33,416 | 6,80,193 | 6,80,193 |
| Furnitures & Fixtures | 95,12,469 | 2,29,174 | - | 97,41,643 | 66,75,648 | 7,98,674 | - | 74,74,322 | 22,67,322 | 28,36,821 |
| Air Conditioners | 3,65,960 | | - | 3,65,960 | 2,56,608 | | - | 2,56,608 | 1,09,352 | 1,09,352 |
| Vehicles | 52,69,428 | 70,38,547 | - | 1,23,07,975 | 31,34,992 | 8,68,856 | - | 40,03,848 | 83,04,127 | 21,34,436 |
| Office Equipment | 1,21,114 | 4,19,134 | - | 5,40,248 | 1,15,058 | 3,99,316 | - | 5,14,374 | 29,621 | 6,056 |
| Computers | 22,90,852 | 7,42,520 | - | 30,33,372 | 18,93,185 | 6,45,427 | - | 25,38,612 | 4,94,760 | 3,97,667 |
| **Sub-Total (A)** | **7,95,45,870** | **2,34,68,352** | **-** | **10,30,14,222** | **2,70,55,079** | **92,71,127** | **-** | **3,63,26,206** | **6,66,91,763** | **5,24,90,791** |
| **Intangible Assets** | | | | | | | | | | |
| Computer Software (B) | 7,45,000 | 1,60,500 | - | 9,05,500 | 1,86,250 | 1,67,202 | - | 3,53,452 | 5,52,048 | 5,58,750 |
| Trademark | - | 97,251 | - | 97,251 | - | 3,304 | - | 3,304 | 93,947 | - |
| **Capital Work in Progress (C)** | **1,55,414** | **57,28,994** | **-** | **58,84,408** | **-** | **-** | **-** | **-** | **58,84,408** | **1,55,414** |
| **Grand Total (A+B+C)** | 8,04,46,284 | 2,93,57,846 | - | 10,98,04,130 | **2,72,41,329** | **94,41,633** | - | **3,66,79,658** | 7,32,22,170 | 5,32,04,955 |
| **Previous Year** | **6,30,12,429** | **1,74,33,855** | - | **8,04,46,284** | **2,04,41,566** | **67,21,572** | **78,191** | **2,72,41,329** | **5,32,04,955** | **4,25,70,863** |

**Note No. 9**
**Long Term Loans and Advances**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| Security Deposits | 23,63,270 |
| | **23,63,270** |

**Note No. 10**
**Other Non-Current Assets**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| Preliminary Expenditure (to the extent not Written Off) | 41,49,118 |
| | **41,49,118** |

**Note No. 11**
**Inventories**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| **(As taken valued and certified by the management; valuation as stated in Note No. 1)** | |
| Raw Materials | 2,60,37,508 |
| Semi Finished Goods | 3,25,46,885 |
| Finished Goods | 7,16,03,146 |
| | **13,01,87,538** |

**Note No. 12**
**Trade Receivables**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| Unsecured (considered good, unless otherwise stated) | |
| Over six months | |
| Others | 20,18,85,050 |
| | 20,18,85,050 |
| Less: Provision for doubtful debts | |
| | **20,18,85,050** |

**Note No. 13**
**Cash and Cash Equivalents**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| a. Balances with Banks: | |
| Current Accounts | 12,84,443 |
| Short Term Deposits | 2,25,41,153 |
| | 2,38,25,596 |
| b. Cash on Hand | 2,32,922 |
| | **2,40,58,518** |

**Note No. 14**
**Short Term Loans and Advances**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| Capital Advances | 20,35,789 |
| Trade Advances to Suppliers* | 2,38,09,311 |
| Loans and Advances to Staff | 15,57,629 |
| Balances with Revenue Authorities | 3,92,04,745 |
| | **6,66,07,474** |

***Trade Advance to Suppliers - Rs. 1,03,00,000/- paid to Related Party.**

**Note No. 15**
**Other Current Assets**

| Particulars | 31st March 2020 |
|---|---|
| | Rs. |
| Other Receivables | 3,96,362 |
| Prepaid expenses | 12,21,012 |
| | **16,17,374** |

**Note No. 16**
**Revenue from Operations**

| Particulars | 2019-2020 Rs. | |
|---|---|---|
| **Sale of Products** | | |
| **Manufacturing Sales** | | |
| Export Sales | 38,72,65,598 | |
| Domestic Sales | 3,63,99,377 | |
| Less: Sales Returns | - | 42,36,64,975 |
| **Trading Sales** | | |
| Domestic Sales | | 33,32,77,341 |
| **Other Operating Revenue** | | |
| Foreign Currency Fluctuation Gain | 69,80,263 | |
| Export Incentives | 1,79,76,138 | |
| Freight Charges | 52,23,828 | |
| Other Operational Income | 1,44,085 | |
| | | 3,03,24,314 |
| | | **78,72,66,630** |

**Note No. 17**
**Other Income**

| Particulars | 2019-2020 Rs. |
|---|---|
| Interest Receipts | 12,75,100 |
| Miscellaneous Income | 3,20,276 |
| | **15,95,376** |

**Note No. 18**
**Cost of Materials Consumed**

| Particulars | 2019-2020 Rs. | |
|---|---|---|
| Opening Stock | 1,13,24,359 | |
| Add: Purchases | 26,10,34,923 | |
| | 27,23,59,282 | |
| Less : Closing Stock | (2,60,37,508) | 24,63,21,774 |
| | | **24,63,21,774** |

**Note No. 19**
**Changes in Inventories**

| Particulars | 2019-2020 Rs. | |
|---|---|---|
| **Opening Stock** | | |
| Finished Goods | 3,95,53,362 | |
| Work-in-Progress | 3,06,96,256 | 7,02,49,618 |
| **Closing Stock** | | |
| Finished Goods | 7,16,03,146 | |
| Semi Finished Goods | 3,25,46,885 | 10,41,50,030 |
| | | **(3,39,00,412)** |

**Note No. 20**
**Employee Benefit Expenses**

| Particulars | 2019-2020 Rs. |
|---|---|
| Salaries, Wages, Allowances and Bonus | 1,89,86,866 |
| Director's Remuneration | 42,00,000 |
| Staff Welfare Expenses | 18,30,546 |
| | 2,50,17,412 |

**Note No. 21**
**Finance Costs**

| Particulars | 2019-2020 Rs. |
|---|---|
| Interest | |
| Working Capital Finance & Term Loans | 1,42,57,128 |
| Other Financial Costs | 17,01,794 |
| | 1,59,58,922 |

**Note No. 22**
**Other Expenses**

| Particulars | 2019-2020 Rs. |
|---|---|
| Manufacturing Expenses | |
| Power & Fuel | 58,95,303 |
| Repairs to Machinery | 31,45,522 |
| Packing Materials and Charges | 6,940 |
| Transportation Expenses | 1,00,24,710 |
| Job Work & Labour Charges | 7,72,10,852 |
| Other Manufacturing Expenses | 37,11,667 |
| Selling and Distribution Expenses | |
| Commission | 61,67,444 |
| Courier, Freight and Insurance | 1,40,48,033 |
| Administrative and Other Expenses | |
| Travelling Expenses | 84,67,037 |
| Rent Paid | 74,68,440 |
| Rates and Taxes | 1,42,377 |
| Insurance Premium | 15,10,946 |

| | |
|---|---|
| **Repairs and Maintenance:** | |
| Computer | 1,35,789 |
| Vehicles | 1,38,941 |
| Office Expenses | 12,10,382 |
| Electricity Expenses | 3,40,700 |
| Registration Charges | 55,622 |
| Advertisement and Business Promotion | 52,19,962 |
| Legal and Professional Fees | 11,55,536 |
| Payments to Auditor | 2,00,000 |
| Conveyance Expenses | 3,25,033 |
| Printing & Stationery Expenses | 10,38,472 |
| Telephone Expenses | 1,15,049 |
| RDD | 46,920 |
| Bad Debts | 3,24,864 |
| Bank discount, Commission and Other Charges | 20,28,474 |
| Sundary Balance Writen Off | 42,58,222 |
| General expenses | 64,09,659 |
| | **16,08,02,896** |

Note (i) Payment to Auditors

| **Particulars** | **2019-20** |
|---|---|
| Statutory Audit Fees | 2,00,000 |
| **Total** | **2,00,000** |

SAKETH SEVEN STAR INDUSTRIES PRIVATE LIMITED
CIN:U27300MH2019PTC331404
BALANCE SHEET AS AT 31 MARCH 2020

(Amount in Rs.)

| | Particulars | Note No. | As at 31/03/2020 (Rs.) |
|---|---|---|---|
| I | **EQUITY AND LIABILITIES** | | |
| 1 | **Shareholders' Funds** | | |
| | (a) Share Capital | 2 | 30,00,000 |
| | (b) Reserves and Surplus | 3 | -6,06,869 |
| | | | 23,93,131 |
| 2 | **Current Liabilities** | | |
| | (a) Trade Payables | 4 | 2,41,258 |
| | (b) Short Term Borrowings | 5 | 39,21,950 |
| | (c) Other Current Liabilities | 6 | 2,47,247 |
| | | | 44,10,455 |
| | Total | | 68,03,586 |
| II | **ASSETS** | | |
| 1 | **Non-Current Assets** | | |
| | (a) Fixed assets | | |
| | (i) Tangible Assets | | |
| | (ia) Capital Work-in-Progress | | 28,81,154 |
| | (ii) Intangible Assets | | |
| | (iia) Intangibles Under Development | | 14,600 |
| | (b) Long Term Loans & Advances | 7 | 5,17,100 |
| | | | 34,12,854 |
| 2 | **Current Assets** | | |
| | (a) Cash and Bank Balances | 8 | 12,98,849 |
| | (b) Short Term Loans and Advances | 9 | 18,96,243 |
| | (c) Other Current Assets | 10 | 1,95,640 |
| | | | 33,90,732 |
| | Total | | 68,03,586 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For R. A. Kuvadia & Co.
Chartered Accountants
F.R.N.: 105487W

R. A. Kuvadia
Proprietor
M. No. 040087
UDIN: 20040087AAAAFD2570

Place: Mumbai
Date: 25.06.2020

For Saketh Seven Star Industries Private Limited

(Sanjay Patel)
Director
DIN:01958033

(Shalin Patel)
Director
DIN:08579599

SAKETH SEVEN STAR INDUSTRIES PVT. LTD. NAVI MUMBAI

SAKETH SEVEN STAR INDUSTRIES PRIVATE LIMITED
CIN:U27300MH2019PTC331404
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31 MARCH 2020

| | Particulars | Note | 2019-2020 (Rs.) |
|---|---|---|---|
| I | Revenue from operations | | - |
| II | Other income | | - |
| III | Total revenue | | - |
| IV | Expenses: | | |
| | Employee benefits expense | 11 | 2,91,500 |
| | Finance costs | 12 | 75,000 |
| | Depreciation and amortisation expense | | - |
| | Other expenses | 13 | 2,40,369 |
| | Total expenses | | 6,06,869 |
| V | Profit / (loss) before tax | | (6,06,869) |
| VI | Tax Expense | | |
| | Current Tax | | - |
| | Deferred Tax | | - |
| VII | Profit / (loss) after tax | | (6,06,869) |
| | Earnings per equity share: | | |
| | Basic | | (2.02) |
| | Diluted | | (7.17) |
| | Nominal value of equity share | | 10.00 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For R. A. Kuvadia & Co.
Chartered Accountants
F.R.N.: 105487W

R. A. Kuvadia
Proprietor
M. No. 040087
UDIN: 20040087AAAAFD2570

Place: Mumbai
Date: 25.06.2020

For Saketh Seven Star Industries Private Limited

(Sanjay Patel)
Director
DIN:01958033

(Shalin Patel)
Director
DIN:08579599

SAKETH SEVEN STAR INDUSTRIES PVT. LTD. NAVI MUMBAI

SAKETH SEVEN STAR INDUSTRIES PRIVATE LIMITED
CIN:U27300MH2019PTC331404
CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 2020

| | Particulars | Current Year | |
|---|---|---|---|
| | | Rs. | Rs. |
| A. | **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| | **Net Profit/(loss) before tax** | | (6,06,869) |
| | Adjustments for: | | |
| | Interest expense | 75,000 | |
| | Depreciation and amortisation expense | - | |
| | Interest income | - | |
| | | | 75,000 |
| | **Operating profit/(loss) before working capital changes** | | (5,31,869) |
| | Adjustments for: | | |
| | Trade and other receivables | (26,08,983) | |
| | Trade payables and other liabilities | 4,88,505 | |
| | | | (21,20,478) |
| | **Cash generated from operations** | | (26,52,347) |
| | Taxes paid / (refund received) | | - |
| | **Net cash from operating activities** | | (26,52,347) |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| | Purchases of fixed assets (including capital work-in-progress) | | (28,95,754) |
| | Interest received | | - |
| | **Net cash used in investing activities** | | (28,95,754) |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Share Capital | | 30,00,000 |
| | Proceeds (repayment ) of borrowings | | 39,21,950 |
| | Interest paid | | (75,000) |
| | **Net cash from / (used) in financing activities** | | 68,46,950 |
| | **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | | 12,98,849 |
| | **Cash and cash equivalent at beginning of year** | | - |
| | **Cash and cash equivalent at end of year** | | 12,98,849 |
| | **Net increase/(decrease) as disclosed above** | | 12,98,849 |

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For R. A. Kuvadia & Co.
Chartered Accountants
F.R.N.: 105487W

R. A. Kuvadia
Proprietor
M. No. 040087
UDIN:20040087AAAAFD2570

Place: Mumbai
Date: 25.06.2020

For Saketh Seven Star
Industries Private Limited

(Sanjay Patel)
Director
DIN:01958033

(Shalin Patel)
Director
DIN:08579599

SAKETH SEVEN STAR INDUSTRIES PVT. LTD. NAVI MUMBAI

SAKETH SEVEN STAR INDUSTRIES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

2 SHARE CAPITAL

| Particulars | As at 31/03/2020 Rs. |
|---|---|
| **Authorised:** | |
| 20,00,000 Equity Shares of Rs. 10 each | 2,00,00,000 |
| | 2,00,00,000 |
| **Issued, subscribed and fully paid-up:** | |
| 3,00,000 Equity shares of 10 each | 30,00,000 |
| | 30,00,000 |

a) **Details of reconciliation of the number of Equity shares outstanding at the beginning and at the end of the reporting year:**

| Particulars | As at 31/03/2020 | |
|---|---|---|
| | Number | Rs. |
| Outstanding at the beginning of the year | - | - |
| Issued during the year | 3,00,000 | 30,00,000 |
| Outstanding at the end of the year | 3,00,000 | 30,00,000 |

b) **Terms / rights attached to equity shares:**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equiy shares is entitled to one vote per share.

In the event of the liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) **Details of shareholder holding more than 5% shares in the Company:**

| Name of Shareholder | As at 31/03/2020 | |
|---|---|---|
| | No. of shares | % of Holding |
| Tembo Global Industries Limited | 3,00,000 | 100 |

SAKETH SEVEN STAR INDUSTRIES PRIVATE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

## 3 RESERVES AND SURPLUS

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| **Surplus/(Deficit) in statement of profit and loss** | |
| Opening balance | - |
| Add: Profit / (loss) for the year | (6,06,869) |
| **Closing Balance** | (6,06,869) |
| | |
| Total | (6,06,869) |

## 4 TRADE PAYABLES

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| Trade payables | 2,41,258 |
| | 2,41,258 |

The Company has not received any information from its suppliers regarding registration under the 'Micro, Small and Medium Enterprises Development Act, 2006'. Hence the information required to be given in accordance with Section 22 of the said Act, is not

## 5 SHORT TERM BORROWINGS

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| **Borrowings From Related Party** | |
| - From Directors | 34,00,000 |
| - Inter Corporate Borrowings | 5,21,950 |
| | 39,21,950 |

## 6 OTHER CURRENT LIABILITIES

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| Creditors For Expenses | 2,34,400 |
| Statutory Liabilities | 12,847 |
| | 2,47,247 |

## 6 Long Term Loans & Advances

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| Security Deposits | 5,17,100 |
| | 5,17,100 |

## 7 TRADE RECEIVABLES

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| Debts outstanding for a period exceeding six months from the date they are due for payment | - |
| Others debts | - |
| | - |

## 8 CASH AND BANK BALANCES

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| **Cash and cash equivalents:** | |
| - Bank balances in current accounts | 12,31,299 |
| - Cash on hand | 67,550 |
| | 12,98,849 |

## 9 SHORT TERM LOANS AND ADVANCES

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| Balances with Revenue Authorities | 5,28,280 |
| Advances to suppliers | 13,67,963 |
| | 18,96,243 |

## 10 OTHER CURRENT ASSETS

| Particulars | As at 31/03/2020 (Rs.) |
|---|---|
| Preliminary Expenses (to the extent not Written off) | 1,95,640 |
| | 1,95,640 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

## 11 EMPLOYEE BENEFITS EXPENSE

| Particulars | 2019-2020 (Rs.) |
|---|---|
| Salaries, bonus and allowances | 2,91,500 |
| | 2,91,500 |

## 12 Finance costs

| Particulars | 2019-2020 (Rs.) |
|---|---|
| Interest on Loans | 75,000 |
| Total | 75,000 |

## 13 OTHER EXPENSES

| Particulars | 2019-2020 (Rs.) |
|---|---|
| Audit Fees | 20,000 |
| Professional Fees | 25,000 |
| Repairs and maintenance | 31,441 |
| Rent | 84,000 |
| Travelling and conveyance | 7,000 |
| Preliminary Expenses Writen off | 48,910 |
| Miscellanoeus Expenses | 24,018 |
| | |
| | 2,40,369 |

**Payment to Auditor**

| Particulars | 2019-2020 (Rs.) |
|---|---|
| Audit Fees | 20,000 |

**SAKETH SEVEN STAR INDUSTRIES PRIVATE LIMITED**

**NOTE: 1**

**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2020**

**CORPORATE INFORMATION**

These statements comprise financial statements of Saketh Seven Star Industries Private Limited (CIN: U27300MH2019PTC331404) ('the company') for the period ended March 31, 2020. The company is a private company domiciled in India and is incorporated on 09.10.2019 under the provisions of the Companies Act 2013 applicable in India. The Registered Office of the company is situated at D-146/147, MIDC TTC Indl, Estate, Opp Balmer Lawrie, Vanleer, Turbhe, Navi Mumbai 400703

The Company is engaged principally in the business of casting of metals.

**SIGNIFICANT ACCOUNTING POLICIES**

**I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:**

These financial statements have been prepared and presented under the historical cost conversion, on the accrual basis of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP') and comply with Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current –non-current classification of assets and liabilities.

**II. USE OF ESTIMATES:**

The Preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities and the disclosures of contingent liabilities at the end of reporting period.

## III. FIXED ASSETS AND DEPRECIATION/ AMORTIZATION

(i) Gross Fixed Assets will be stated at historical cost of acquisition / construction net of Input Tax Credit under Goods and Service Tax Act on capital goods.

Depreciation on tangible assets will be provided on Written Down value Method as specified in Schedule II to The Companies Act, 2013. Intangible Assets will be amortized as per AS-26 issued by The Institute of Chartered Accountants of India.

(ii) Fixed assets will be eliminated from financial statements either on disposal or when retired from active use. The retired assets are disposed off or discarded immediately. Profit or loss on disposal of assets is recognized in the statement of profit and loss.

(iii) Depreciation will be provided on pro-rata basis from the day in which assets have been put to use and up to the day on which assets have been used by the company.

## IV. IMPAIRMENT OF ASSETS:

The Company shall assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

## V. FOREIGN CURRENCY TRANSACTIONS:

a) Transactions denominated in foreign currencies will be recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the

premium paid on forward contracts is recognized over the life of the contract.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

## VI. REVENUE RECOGNITION:

Revenue will be recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods have passed to the buyer which normally coincides with the despatch of goods from the factory of the company. Sales are disclosed net of trade discount, Sales returns.

Revenue in respect of insurance, interest, cash subsidy and other claims is recognized only when it is reasonably certain that the ultimate collection will be made.

Export incentives under the Duty Entitlement Pass Book Scheme, Duty Draw Back Scheme, etc. are accounted in the year of export.

## VII. OPERATING LEASES:

Lease arrangements where risk and rewards incidental to ownership of an asset, substantially vests with the Lessor, are classified as operating leases.

Rental expenses on assets obtained under operating lease arrangement are recognized on a straight line basis over a term of the lease.

## VIII. INVESTMENTS:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long – term investments. Provisions, if any are made for permanent diminution in value of investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long – term investments are carried at cost.

## IX. INVENTORIES:

i) Raw materials and packing materials will be valued at landed cost determined on FIFO Basis net off Input Tax Credit under Goods and Service Tax Act wherever applicable.

ii) The finished and trading goods have been valued at cost or net realizable value whichever is less.

iii) Semi finished goods have been valued at estimated cost, as certified by the management.

**X. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized, as applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**XI. TAXES ON INCOME:**

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**XII. EARNINGS PER SHARE:**

Basic Earnings per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end.

**XIII. CASH & CASH EQUIVALENTS:**

Cash and Cash Equivalents in the Balance Sheet comprise of cash at bank and in hand and Term deposits with banks with original maturity of 1 year or more.

**XIV. PROVISIONS AND CONTINGENCIES:**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**XV. ACCOUNTING POLICIES:**

Accounting Policies not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

**NOTES TO ACCOUNTS:**

1. Estimated amount of Contracts remaining to be executed on account of Capital Account not provided for as on 31.03.2020 is Rs. 5.07 lacs

2. COVID-19 has caused significant disruptions to the business across India. The management has considered the possible effects, if any, that may impact the carrying amount of inventories, receivables, tangible & intangible assets. In making the assumptions and estimates relating to the uncertainties as at the balance sheet in relation to the recoverable amounts, the management has considered subsequent events, internal and external information and evaluated economic conditions prevailing as at the date of approval of these financial results. The management expects no impairment to the carrying value of these assets. The management will continue to closely monitor any changes to future economic conditions and assess its impact on operations.

3. In the opinion of the Board of Directors of the Company, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realized in the ordinary course of business.

4. **Related Party Transactions:**

   a) **Holding Company**

   Tembo Global Industries Limited (Formerly Known as Saketh Exim Limited)

   b) **Key Managerial Personnel (KMP) exercising Significant Control Over the Enterprise:**

   Mr. Sanjay Jashbhai Patel – Director
   Mr. Shalin Sanjay Patel – Director

   c) **Related Party Transactions** (Rs. in Lacs)

| Particulars | Director(s)/ KMP | Relatives | Others |
|---|---|---|---|
| **Interest on Loans** | | | |
| Mr. Sanjay Jashbhai Patel | 0.45 | - | - |
| Mr. Shalin Patel | 0.30 | | |

5. **Earnings Per Share:**

| | 2019-20 |
|---|---|
| Profit/(Loss) after Tax (Rs.) | (6,06,869) |
| No. of Shares Outstanding | 3,00,000 |
| Basic Earnings per Share (Rs.) | (2.02) |
| Weighted No. of Shares Outstanding | 84,603 |
| Diluted Earnings per Share (Rs.) | (7.17) |

6. **Payment to Auditors:**

| Sr. No. | Particulars | 2019-20(Rs.) |
|---|---|---|
| a. | Audit Fees | 20,000 |
| | **Total** | **20,000** |

7. Balances for Trade Payables, Trade Receivables, Loans and Advances, Goods and Service Tax are subject to reconciliations and confirmations from the respective parties. In absence of such confirmations, the balances as per books have been relied upon by the auditors.

8. This being the first year of incorporation previous year's figures are not applicable

**As per our report of even date**
**For R. A. Kuvadia & Co.**
**Chartered Accountants**
**F. R. N. 105487W**

**R. A. Kuvadia**
**Proprietor**
**M. No. 040087**
**UDIN: 20040087AAAAFD2570**

**For Saketh Seven Star Industries Private Limited**

**Sanjay Patel**
**Director**
**DIN: 01958033**

**Shalin Patel**
**Director**
**DIN: 08579599**

SAKETH SEVEN STAR INDUSTRIES PVT. LTD. NAVI MUMBAI

**Place: Mumbai**
**Date: 25.06.2020**

R A MARU & ASSOCIATES
Chartered Accountants
C/4, Khandwala Apartments CHSL, Vakola Pipe Line,
Gaodevi, Santacruz (East), Mumbai - 400 055.
Phone : 022 - 2268 0488 • Mob.: 80803 94548 / 83695 14810
E-mail : carumeetmaru@gmail.com

In Reply Please Quote

**To**
**The Members of**
**Saketh Exim Limited (Formerly Known as Saketh Exim Private Limited)**

## Report on Audit of the Standalone Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Saketh Exim Limited (Formerly Known as Saketh Exim Private Limited)** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss and the Statement of Cash Flow for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit/loss and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made there under, 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Key Audit Matters

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

| Key Audit Matters | How are audit addressed the key audit matter |
|---|---|
| Valuation of Inventories | |
| Refer Note No 6 to the accompanying Notes to Accounts.<br><br>The Company has balances of Inventories as at 31st March 2019 which was valued at Cost or Net Realisable Value whichever is less. The valuation of stock was not in compliance with AS-2, wherein the overheads absorption was not considered for valuation. | - Obtaining understanding of production process and testing of key controls over recognition and measurement of inventory.<br>- Obtaining management's calculation and relevant supporting for inventory valuation validated mathematical accuracy of production costs and agreed the same with financial statements.<br>- Assessing reasonableness of assumption and judgements applied by management in inventory valuation including evaluating consistencies with management's prior period estimations.<br>- Comparing historical trend of overheads to determine appropriateness of valuation of inventory. |
| | |

**Responsibility of Management for the Standalone Financial Statements**

The company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

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

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

* Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
* Obtain an understanding of internal control 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 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 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

From the matters communicated with those charged with governance, we determine those matters that are of most significance in the audit of the standalone 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.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in **"Annexure A"** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143 (3), 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.

b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.

c) The Balance Sheet, Statement of Profit and Loss and the Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of accounts.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on 31stMarch, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31stMarch, 2019 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 of the company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**".

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

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:

i) The company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii) The company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Funds of the Company.

**For R A Maru& Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**(Proprietor)**
**M. No. 166417**

**Place: Mumbai**
**Date: 07.05.2019**

**"Annexure – A" to the Auditors' Report**

**(Referred to in Paragraph 1 under 'Report on other Legal and Regulatory Requirements section of our report of even date)**

1. (a) The Company is in the process of updating the records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the management at the year end and no material discrepancies were noticed on such physical verification.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of freehold immovable properties are held in the name of the Company and those taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

2. (a) The stock of Finished Goods, Raw materials, Stores and consumables were physically verified by the Management at year end. The company has obtained confirmations for goods lying with third parties.
(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) The Company is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt with in the books of account.

3. The Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities as applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year. Accordingly, paragraph 3 (v) of the order is not applicable.

6. As explained to us, the Central Government has not prescribed maintenance of cost records under Section 148 (1) of the Companies Act, 2013.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of sales tax including Value Added Tax, Service Tax, Goods & Service Tax, Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Value Added Tax, Service Tax, Goods & Service Tax Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues, were in arrears as at 31st March 2019 for a period of more than six months from the date they became payable.

| **Name of Statute** | **Nature of Dues** | **Financial Year** | **Amount Involved (Rs.)** |
|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax | 2011-12 | 2,500 |

(c) The particulars of dues of Value Added Tax, Service Tax, Goods & Service Tax Provident Fund, Employees' State Insurance, Income Tax, Duty of Customs, Duty of Excise, Cess and other material statutory dues, at 31st March 2019 which have not been deposited on account of dispute, are as follows:

| Name of the Statute | Nature of Dues | Amount (INR) | Financial Year/s to which the dues relate | Forum where the Dispute is pending |
|---|---|---|---|---|
| The Income Tax Act, 1961 | Income Tax Assessment Dues | 58,12,099 | 2013-14 | Commissioner of Income Tax (Appeals) Mumbai |

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

9. During the year under review, the Company has raised money by way of initial public offer and Term loans. The funds raised through Initial Public Offer and Term Loans were utilised for the purpose for which it was raised.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

13. According to the information and explanation given to us, the Company has entered into transaction with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For R A Maru& Associates**
**Chartered Accountants**
**FRN: 141914W**

**Rumeet Anil Maru**
**Proprietor**
**M No: 166417**

**Place: Mumbai**
**Date: 07.05.2019**

**"Annexure –B" to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Saketh Exim Limited (Formerly known as Saketh Exim Private Limited)**("the Company") as of 31st March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, the Company has, 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 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For R A Maru& Associates**
**Chartered Accountants**
**FRN: 141914W**




**Rumeet Anil Maru**
**Proprietor**
**M No: 166417**

**Place: Mumbai**
**Date: 07.05.2019**

1. Contingent Liabilities not provided for in respect of: (Rs. in Lacs)

| Sr. No. | Particulars | 2018-2019 | 2017-2018 |
|---|---|---|---|
| 1. | Letter of Credit (LC) Discounted with Bank | 397.87 | - |
| | **Total** | **397.87** | - |

2. In the opinion of the Board of Directors of the Company, the current assets, loans and advances are approximately of the value stated in the Balance Sheet, if realized in the ordinary course of business.

3. According to the management of the company, none of the employees have put in the required number of years of service to be eligible for Gratuity and accordingly the provisions of The Gratuity Act, 1971 & Accounting Standard -15 (AS-15) notified by The Institute of Chartered Accountants of India does not apply to the company.

4. **Segment Reporting:**

The Company is having two business Segments viz, Manufacturing of Pipe Hangers and Trading of Fabric: (Rs. In Lacs)

| Particulars | Manufacturing Division (Pipe Hangers) | | Trading Division (Fabric) | | Total for the year ended | |
|---|---|---|---|---|---|---|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Segment Revenue | 4,241.22 | 3,499.52 | 1,910.81 | 2,397.72 | 6,152.03 | 6,228.30 |
| Segment Results (P&L) | 273.20 | 128.03 | 20.11 | 25.86 | 293.31 | 153.89 |
| Tax Expenses | 80.97 | 34.61 | 5.22 | 7.12 | 86.19 | 41.73 |
| Net Profit / (Loss) | 1744.03 | 93.42 | 20.11 | 18.74 | 1,764.14 | 112.16 |
| Segment Assets | 2799.35 | 2,502.13 | 1,039.12 | 1,215.15 | 3,838.47 | 3,717.28 |
| Segment Liabilities | 1679.92 | 2,488.41 | 283.28 | 470.00 | 1,963.2 | 2,958.41 |

5. **Related Party Transactions:**

a) **List of Related Parties & Key Management Personnel:**

Mr. Sanjay Jashbhai Patel – Managing Director
Mr. Piyush Patel – Promoter
Mrs. Fatema Merchant - Promoter
Mr. Shabbir Merchant - Chief Financial Officer
Mrs. Taruna Patel - Director
Mrs. Smita Sanjay Patel - Director
Mr. Jasbir Singh Anand – Independent Director
Mr. Jehan Varaiva – Independent Director
**Mr. Abhijit Nair – Company Secretary & Compliance Officer (Resigned w.e.f. 01.05.2019)**
B.M. Electro Mechanical LLP – Firm of Promoter
Tembo Exim Private Limited – Associate Concern

**Individual exercising significant influence over the enterprise:**

Mr. Sanjay Jashbhai Patel
Mr. Shabbir Merchant

| b) **Related Party Transactions** | **(Rs. in Lacs)** |
|---|---|
| **Mr. Sanjay Jashbhai Patel** | |
| Director Remuneration | 60.00 |
| Loans: | |
| Received During the Year | 224.00 |
| Outstanding at year end | NIL |
| Interest on Unsecured Loans | 5.31 |
| **Mrs. Smita Patel** | |
| Loans: | |
| Received During the Year | 233.00 |
| Outstanding at year end | NIL |
| Interest on Unsecured Loans | 6.97 |
| Director Sitting Fees | 0.24 |
| **Mrs. Taruna Patel** | |
| Loans: | |
| Received During the Year | NIL |
| Net Outstanding at year end | 6.52 |
| Interest on Unsecured Loans | 5.13 |
| Director Sitting Fees | 0.22 |
| **Mr. Piyush Patel** | |
| Salary | 24.00 |
| **B.M. Electro Mechanical LLP** | |
| Job Work Contractual Charges | 750.75 |
| **Tembo Exim Private Limited** | |
| Inter Corporate Borrowings | |
| Received During the Year | 203.99 |
| Outstanding at year end | NIL |
| **Mr. Jasbir Singh Anand** | |
| Director Sitting Fees | 0.06 |
| **Mr. Jehan Varaiva** | |
| Director Sitting Fees | 0.06 |

6. The stock of Finished Goods and work in Progress in the earlier periods had been valued at cost or market value, whichever is lower & was exclusive of Overhead Expenses. The same has been considered and implemented in compliance with Accounting for Inventories AS-2 as prescribed by the Institute of Chartered Accountants of India now and the figures of Opening & Closing stock of Finished Goods & work in Progress has been reinstated, accordingly a sum of Rs. 1,34,40,845/- being the difference in Stock has been credited to Reserves & Surplus in value terms.

7. The Company is required to have a full time Company Secretary pursuant to Section 203 of the Companies Act, 2013. The Company is in the process of appointing a Company Secretary to fill up the vacancy caused by the resignation of the previous Company Secretary.

8. In accordance with Accounting Standards – 22 Accounting for Taxes on Income, issued by ICAI the Company has considered deferred Taxes during the year. The deferred tax Asset for the year 2018-19, amounting to Rs. 1,68,022/- arising on account of difference in Depreciation and other expenses has been adjusted to the Statement of Profit & Loss in accordance with the provision of AS-22.

9. The Management of the Company has, during the year, carried out technological evaluation for identification of impairment of assets, if any, in accordance with the Accounting Standard (AS) -28 issued by the Institute of Chartered Accountants of India. Based on the judgment of the Management and as certified by the Directors, no provision for impairment is found to be necessary in respect of any of the assets.

| **10. Earnings Per Share :** | **2018-19** | **2017-18** |
|---|---|---|
| Profit after Tax (Rs.) | 2,07,11,728 | 1,12,15,597 |
| No. of Shares Outstanding | 50,23,000 | 39,00,000 |
| Basic Earnings per Share (Rs.) | 4.12 | 2.88 |
| Weighted No. of Shares Outstanding | 46,07,644 | 35,36,712 |
| Diluted Earnings per Share (Rs.) | 4.50 | 3.17 |

**11. Payment to Auditors :**

| Sr. No. | Particulars | 2018-19(Rs.) | 2017-18 (Rs.) |
|---|---|---|---|
| a. | Audit Fees | 100,000 | 75,000 |
| b. | Tax Audit | 25,000 | 25,000 |
| | **Total** | **1,25,000** | **1,00,000** |

**12. Earnings & Expenditure in Foreign Currency** **(Rs.)**

| **Earnings in Foreign Currency** | **2018-19** | **2017-18** |
|---|---|---|
| FOB value of Exports | 37,89,54,738 | 34,20,00,610 |
| **Expenditure in Foreign Currency** | | |
| CIF Value of Imports | 57,62,622 | 75,63,600 |
| Travelling Expenses | 46,34,266 | 28,57,956 |
| Commission & Others | 11,95,163 | 10,40,778 |

**13.** Balances for Trade Payables, Trade Receivables, Loans and Advances are subject to confirmations from the respective parties and reconciliations, if any, in many cases. In absence of such confirmations, the balances as per books have been relied upon by the auditors.

**14.** Previous year's figures have been regrouped / recast wherever necessary to correspond with the current year's classification disclosure.

**As per our report of even date**
**For R A Maru & Associates**
**Chartered Accountants**
**F. R. N. 141914W**

**Rumeet Anil Maru**
**Proprietor**
**M. No. 166417**

**For and behalf of the Board**

**Sanjay Patel** **Smita Patel**
**Managing Director** **Director**
**DIN: 01958033** **DIN: 00348305**

**Shabbir Merchant**
**Chief Financial**
**Officer (CFO)**

**Place: Mumbai**
**Date: 07.05.2019**

**SAKETH EXIM LIMITED (Formerly Known as SAKETH EXIM PRIVATE LIMITED)**
**CIN: U29253MH2010PLC204331**
**BALANCE SHEET AS AT 31st MARCH 2019**

(Amounts in INR)

| Particulars | Note No. | 31st March 2019 | | 31st March 2018 | |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES ::** | | | | | |
| **Shareholders' Funds** | | | | | |
| Share Capital | 2 | 50,230,000 | | 39,000,000 | |
| Reserves and Surplus | 3 | 137,296,529 | 187,526,529 | 36,886,956 | 75,886,956 |
| **Non Current Liabilities** | | | | | |
| Long Term Borrowings | 4 | 16,211,441 | | 50,669,405 | |
| Long Term Provisions | | - | 16,211,441 | - | 50,669,405 |
| **Current Liabilities** | | | | | |
| Short Term Borrowings | 5 | 83,387,169 | | 128,838,415 | |
| Trade Payables | 6 | 73,328,076 | | 85,300,594 | |
| Other Current Liabilities | 7 | 23,394,267 | | 31,032,729 | |
| | | | 180,109,512 | | 245,171,738 |
| **Total...** | | | **383,847,482** | | **371,728,099** |
| **ASSETS ::** | | | | | |
| **Non-Current Assets** | | | | | |
| Fixed Assets | 8 | | | | |
| Tangible Assets | | 52,490,791 | | 42,570,863 | |
| Intangible Assets | | 558,750 | | - | |
| Capital Work-in-Progress | | 155,414 | | - | |
| | | 53,204,955 | | 42,570,863 | |
| Long Term Loans and Advances | 9 | 2,190,090 | | 1,557,280 | |
| Deferred Tax Assets | | 1,284,579 | | 1,116,557 | |
| Other Non Current Assets | 10 | 5,177,229 | 61,856,853 | 2,703,541 | 47,948,242 |
| **Current Assets** | | | | | |
| Inventories | 11 | 81,573,977 | | 69,845,425 | |
| Trade Receivables | 12 | 170,288,753 | | 210,451,263 | |
| Cash and Cash Equivalents | 13 | 14,561,526 | | 11,984,299 | |
| Short Term Loans and Advances | 14 | 53,219,542 | | 30,852,478 | |
| Other Current Assets | 15 | 2,346,832 | 321,990,630 | 646,393 | 323,779,858 |
| **Total...** | | | **383,847,482** | | **371,728,099** |

The accompanying notes 1 to 22 are an integral part of these financial statements.

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

M. No. 166417

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**

**For SAKETH EXIM LIMITED**

**SANJAY PATEL**
**MANAGING DIRECTOR**
**DIN: 01958033**

S. S. Patel

**SMITA PATEL**
**DIRECTOR**
**DIN: 00348305**

SHM

**Place: Mumbai**
**Date: 07.05.2019**

**SHABBIR MERCHANT**
**CHIEF FINANCIAL OFFICER**

## SAKETH EXIM LIMITED (Formerly Known as SAKETH EXIM PRIVATE LIMITED)
## CIN: U29253MH2010PLC204331
## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2019

(Amounts in INR)

| Particulars | Note No. | 31st March 2019 | | 31st March 2018 | |
|---|---|---|---|---|---|
| **REVENUE :** | | | | | |
| Revenue from Operations | 16 | | 615,203,759 | | 622,830,212 |
| Other Income | 17 | | 833,573 | | 1,739,893 |
| **Total Revenue** | | | **616,037,332** | | **624,570,105** |
| **EXPENSES :** | | | | | |
| Cost of Materials Consumed | 18 | | 221,936,211 | | 235,032,997 |
| Cost of Traded Goods | | | 189,070,680 | | 237,185,835 |
| Changes in Inventories | 19 | | 678,456 | | (39,626,875) |
| Employee Benefit Expenses | 20 | | 16,358,564 | | 14,957,640 |
| Finance Costs | 21 | | 14,493,770 | | 18,950,025 |
| Depreciation and Amortization | | | 6,721,576 | | 5,792,643 |
| Other Expenses | 22 | | 137,446,639 | | 132,176,334 |
| **Total Expenses** | | | **586,705,896** | | **604,468,598** |
| **Profit Before Tax** | | | **29,331,436** | | **20,101,507** |
| Less: Prior Period Expenses | | | | | (4,712,686) |
| **Tax Expenses** | | | | | |
| Current Tax | | (8,700,000) | | (5,200,000) | |
| Earlier Year Tax | | (87,730) | | 1,431,366 | |
| Deferred Tax | | 168,022 | | (404,589) | |
| | | | (8,619,708) | | (4,173,223) |
| **Net Profit for the year** | | | **20,711,728** | | **11,215,597** |
| **Earnings per Equity Share of Face Value Rs. 10/- share** | | | | | |
| Basic Earning Per Share | | | 4.12 | | 2.88 |
| Diluted Earning Per Share | | | 4.50 | | 3.17 |

The accompanying notes 1 to 22 are an integral part of these financial statements.

**AS PER OUR REPORT OF EVEN DATE**

**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**

**For SAKETH EXIM LIMITED**

**SANJAY PATEL**
**MANAGING DIRECTOR**
**DIN: 01958033**

S. S. Patel

**SMITA PATEL**
**DIRECTOR**
**DIN: 00348305**

SHM

**SHABBIR MERCHANT**
**CHIEF FINANCIAL OFFICER**

**Place: Mumbai**
**Date: 07.05.2019**

**SAKETH EXIM LIMITED (Formerly Known as SAKETH EXIM PRIVATE LIMITED)**
**CIN: U29253MH2010PLC204331**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2019**

| Particulars | 2018-2019 | | 2017-2018 | |
|---|---|---|---|---|
| **A CASH FLOW FROM OPERATING ACTIVITIES :** | | | | |
| Net Profit Before Tax and Extraordinary Items | | 29,331,436 | | 20,101,507 |
| **Adjustments for Non-Cash Expenses / Non - Operating Expenses:** | | | | |
| Depreciation | 6,721,576 | | 5,792,643 | |
| Reserve for Doubtful Debts | 1,851,850 | | - | |
| Interest Received | (830,415) | | (918,497) | |
| Finance Cost | 14,493,770 | 22,236,781 | 18,950,025 | 23,824,171 |
| Operating Profit Before Working Capital Changes | | 51,568,217 | | 43,925,677 |
| **Adjustments for Changes in Working Capital:** | | | | |
| Trade Receivables | 38,310,660 | | (96,041,786) | |
| Inventories | 1,712,293 | | (21,185,625) | |
| Short Term Loans & Advances | (22,367,064) | | (18,655,749) | |
| Other Non Current & Current Assets | (4,133,281) | | (3,299,196) | |
| Long Term Loans & Advances | (632,810) | | 17,782,058 | |
| Trade and Other Payables | (11,972,518) | | 21,388,656 | |
| Other Current Liabilities | 1,354,017 | 2,271,298 | 9,805,940 | (90,205,702) |
| **Cash Generated From Operations** | | **53,839,515** | | **(46,280,025)** |
| Tax Expenses | | (4,673,973) | | (7,041,851) |
| **NET CASH FROM OPERATING ACTIVITIES** | | **49,165,542** | | **(53,321,875)** |
| **B CASH FLOW FROM INVESTING ACTIVITIES :** | | | | |
| Purchase of Fixed Assets | (17,433,855) | | (13,212,890) | |
| **NET CASH USED IN INVESTING ACTIVITIES** | | **(17,433,855)** | | **(13,212,890)** |
| **C CASH FLOW FROM FINANCING ACTIVITIES :** | | | | |
| Proceeds (Repayments) from Long Term Borrowings | (47,526,859) | | 20,654,341 | |
| Proceeds (Repayments) from Short Term Borrowings | (45,451,246) | | 55,086,448 | |
| Share Capital Issued | 11,230,000 | | 6,000,000 | |
| Securities Premium Received | 66,257,000 | | 9,600,000 | |
| Interest Received | 830,415 | | 918,497 | |
| Finance Cost | (14,493,770) | | (18,950,025) | |
| **NET CASH USED IN FINANCING ACTIVITIES** | | **(29,154,460)** | | **73,309,261** |
| **Net Increase in Cash and Cash Equivalents** | | 2,577,227 | | 6,774,496 |
| Cash and cash equivalents as at beginning of the year | | 11,984,299 | | 5,209,803 |
| Cash and cash Equivalents as at end of the year | | **14,561,526** | | **11,984,299** |

**AS PER OUR REPORT OF EVEN DATE**
**For R A MARU & ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**F. R. N. 141914W**

M. No. 166417

**RUMEET ANIL MARU**
**PROPRIETOR**
**M. NO. 166417**

**For SAKETH EXIM LIMITED**

SAKETH EXIM LIMITED NAVI MUMBAI

**SANJAY PATEL**
**MANAGING DIRECTOR**
**DIN: 01958033**

S. S. Patel

**SMITA PATEL**
**DIRECTOR**
**DIN: 00348305**

SHM

**SHABBIR MERCHANT**
**CHIEF FINANCIAL OFFICER**

**Place: Mumbai**
**Date: 07.05.2019**

Note No. 2

2.1 Share Capital:

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | Rs. |
| **Authorised** | | |
| 55,00,000 Equity Shares of Rs. 10 each (PY 20,00,000 Equity Shares of Rs. 10 each) | 55,000,000 | 55,000,000 |
| | **55,000,000** | **55,000,000** |
| **Issued, Subscribed and Paid up** | | |
| 50,23,000 Equity Shares of Rs. 10 each (PY 39,00,000 Equity Shares of Rs. 10 each) | 50,230,000 | 39,000,000 |
| | **50,230,000** | **39,000,000** |

(a) The company has only one class of shares referred to as Equity shares having a par value of Rs. 10/-. Each holder of Equity shares is entitled to one vote per share.

(b) In the event of liquidation, the Equity Share Holders are eligible to recive the remaining assets of the company after distribution of all preferential amounts in proportion to their share holding.

**2.2) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars | Opening Balance | Fresh Issue | Bonus | ESOP | Conversion | Buy Back | Right Issue | Closing Balance |
|---|---|---|---|---|---|---|---|---|
| Equity Shares with voting rights | | | | | | | | |
| Half Year ended 31st March, 2019 | | | | | | | | |
| No. of Shares | 3,900,000 | 1,123,000 | - | - | - | - | - | 5,023,000 |
| Amount | 39,000,000 | 11,230,000 | - | - | - | - | - | 50,230,000 |
| Year ended 31st March, 2018 | | | | | | | | |
| No. of Shares | 2,000,000 | - | 1,300,000 | - | - | - | 600,000 | 3,900,000 |
| Amount | 20,000,000 | - | 13,000,000 | - | - | - | 6,000,000 | 39,000,000 |

**2.3) Details of shares held by each shareholder holding more than 5% shares:**

| Name of shareholder | As at 31 March, 2019 | | As at 31 March, 2018 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Fatema S. Kachwala | 1,603,500 | 31.92 | 1,603,500 | 41.12 |
| Sanjay J. Patel | 625,875 | 12.46 | 625,875 | 16.05 |
| Smita S. Patel | 444,375 | 8.84 | 444,375 | 11.39 |
| Taruna P. Patel | 519,375 | 10.33 | 519,375 | 13.32 |
| Piyush J. Patel | 311,875 | 6.20 | 556,875 | 14.28 |

**Note No. 3**
**Reserves and Surplus**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| **a. Securities Premium** | | |
| Balance at the beginning of the year | 1,901,000 | 5,301,000 |
| Add: During the year | 66,257,000 | (3,400,000) |
| Balance at the end of the year | **68,158,000** | **1,901,000** |
| **b. Surplus from Statement of Profit and Loss** | | |
| Balance at the beginning of the year | 34,985,956 | 23,770,359 |
| Add: Net Profit for the current year | 20,711,728 | 11,215,597 |
| Add: Adjustment of Opening Stock | 13,440,845 | - |
| Balance at the end of the year | **69,138,529** | **34,985,956** |
| | **137,296,529** | **36,886,956** |

**Note No. 4**
**Long Term Borrowings**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| **Secured Loans** | | |
| Car Loan (Secured against Hypothecation of Car) | 1,147,513 | 320,222 |
| Term Loan from Banks (Secured against Plant & Machinery, Machinery Spares, Tools etc) | 4,616,573 | 6,355,233 |
| Term loan from other (Secured against Plant & Machinery, Machinery Spares, Tools etc) | 9,794,806 | - |
| **Unsecured Loans** | | |
| Term Loan from Banks | - | 1,660,942 |
| Term Loan from Others | - | 18,304,536 |
| Loans from Directors & Related Parties | 652,549 | 24,028,472 |
| | **16,211,441** | **50,669,405** |

**Note No. 5**
**Short Term Borrowings**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| **Secured Loans** | | |
| Bank Overdraft & Working Capital Finance (Secured against Movable Property, Stock & Book Debts) | 83,387,169 | 128,838,415 |
| | **83,387,169** | **128,838,415** |

**Note No. 6**
**Trade Payables**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | `0.00 |
| Small, Medium and Micro Enterprises | | - |
| Other than Small, Medium and Micro Enterprises | 73,328,076 | 85,300,594 |
| | **73,328,076** | **85,300,594** |

**Note No. 7**
**Other Current Liabilities**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | Rs. |
| Current Maturities of Long Term Debts | 6,748,470 | 19,817,365 |
| Creditors for Expenses | 8,782,972 | 6,506,958 |
| Other Payables | 1,399,078 | 919,148 |
| Advances from customers | 1,323,758 | 2,041,040 |
| Statutory Liabilities | 1,063,573 | 1,748,218 |
| Provision for Tax (Net of Advance Taxes) | 4,076,416 | - |
| | **23,394,267** | **31,032,729** |

Note No. 8
Fixed Assets

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1st April 2018 | Additions / Transfer | Deductions | As at 31st March 2019 | As at 1st April 2018 | Depreciation /Amortisation for the year | On Disposals / Write Off | As at 31st March 2019 | As at 31st March 2019 | As at 1st April 2018 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| **Tangible Assets** | | | | | | | | | | |
| Land under Lease | 12,844,550 | - | - | 12,844,550 | - | - | - | - | 12,844,550 | 12,844,550 |
| Buildings | 4,778,940 | 391,088 | - | 5,170,028 | 1,502,943 | 157,109 | - | 1,660,052 | 3,509,976 | 3,275,997 |
| Plant & Machinery | 28,018,878 | 14,338,982 | - | 42,357,860 | 8,165,483 | 4,142,426 | 78,211 | 12,386,120 | 29,971,740 | 19,853,396 |
| Electrical Installations | 1,613,609 | - | - | 1,613,609 | 696,170 | 237,266 | (20) | 933,416 | 680,193 | 917,439 |
| Furnitures & Fixtures | 9,512,469 | - | - | 9,512,469 | 5,662,939 | 1,012,709 | - | 6,675,648 | 2,836,821 | 3,849,530 |
| Air Conditioners | 365,960 | - | - | 365,960 | 217,267 | 39,341 | - | 256,608 | 109,352 | 148,693 |
| Vehicles | 3,707,210 | 1,562,218 | - | 5,269,428 | 2,470,321 | 664,671 | - | 3,134,992 | 2,134,436 | 1,236,889 |
| Office Equipment | 121,114 | - | - | 121,114 | 115,058 | - | - | 115,058 | 6,056 | 6,056 |
| Computers | 2,049,699 | 241,153 | - | 2,290,852 | 1,611,385 | 281,800 | - | 1,893,185 | 397,667 | 438,313 |
| **Sub-Total (A)** | **63,012,429** | **16,533,441** | **-** | **79,545,870** | **20,441,566** | **6,535,322** | **78,191** | **27,055,079** | **52,490,791** | **42,570,863** |
| **Intangible Assets** | | | | | | | | | | |
| Computer Software (B) | - | 745,000 | - | **745,000** | - | 186,250 | | 186,250 | 558,750 | - |
| **Capital Work in Progress (C)** | - | 155,414 | - | **155,414** | - | - | - | - | **155,414** | - |
| **Grand Total (A+B+C)** | **63,012,429** | **17,433,855** | **-** | **80,446,284** | **20,441,566** | **6,721,572** | **78,191** | **27,241,329** | **53,204,955** | **42,570,863** |
| *Previous Year* | *49,799,538* | *13,212,890* | *-* | *63,012,428* | *14,648,923* | *5,792,643* | *-* | *20,441,566* | *42,570,862* | *39,853,407* |

**Note No. 9**
**Long Term Loans and Advances**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| Security Deposits | 2,190,090 | 1,557,280 |
| Other loans and advances | - | - |
| | **2,190,090** | **1,557,280** |

**Note No. 10**
**Other Non-Current Assets**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| IPO Expenses (Preliminary) | 5,177,229 | 2,662,695 |
| Advance payments of Income Tax (net of provisions) | - | 40,846 |
| | **5,177,229** | **2,703,541** |

**Note No. 11**
**Inventories**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| **(As taken valued and certified by the management; valuation as stated in Note No. 1)** | | |
| Raw Materials | 11,324,359 | 12,358,196 |
| Semi Finished Goods | 30,696,256 | 33,171,400 |
| Finished Goods | 39,553,362 | 24,315,829 |
| | **81,573,977** | **69,845,425** |

**Note No. 12**
**Trade Receivables**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| Unsecured (considered good, unless otherwise stated) | | |
| Over six months | - | - |
| Others | 172,140,603 | 210,451,263 |
| | 172,140,603 | 210,451,263 |
| Less: Provision for doubtful debts | (1,851,850) | - |
| | **170,288,753** | **210,451,263** |

**Note No. 13**
**Cash and Cash Equivalents**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| a. Balances with Banks: | | |
| Current Accounts | 3,683 | 10,844 |
| Short Term Deposits | 14,254,772 | 11,853,946 |
| | 14,258,455 | 11,864,790 |
| b. Cash on Hand | 303,071 | 119,509 |
| | **14,561,526** | **11,984,299** |

**Note No. 14**
**Short Term Loans and Advances**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | - |
| Capital Advances | 3,297,178 | 325,000 |
| Trade Advances to Suppliers | 17,081,485 | 1,089,404 |
| Loans and Advances to Staff | 1,523,500 | 18,000 |
| Balances with Revenue Authorities | 31,317,379 | 29,420,074 |
| | **53,219,542** | **30,852,478** |

**Note No. 15**
**Other Current Assets**

| Particulars | 31st March 2019 | 31st March 2018 |
|---|---|---|
| | Rs. | Rs. |
| Preliminary Expenses | - | - |
| Interest Receivable | - | 363,653 |
| Other Receivables | 744,470 | 311,875 |
| Prepaid expenses | 1,602,362 | - |
| | **2,346,832** | **675,528** |

**Note No. 16**
**Revenue from Operations**

| Particulars | 2018-2019 | | 2017 - 2018 | |
|---|---|---|---|---|
| | Rs. | | | - |
| **Sale of Products** | | | | |
| **Manufacturing Sales** | | | | |
| Export Sales | 378,954,738 | | 342,668,379 | |
| Domestic Sales | 16,351,099 | | 7,419,239 | |
| Less: Sales Returns | | 395,305,837 | (135,191) | 349,952,427 |
| **Trading Sales** | | | | |
| Domestic Sales | 191,081,687 | 191,081,687 | | 239,771,927 |
| **Other Operating Revenue** | | | | |
| Foreign Currency Fluctuation Gain | 7,921,225 | | 6,907,285 | |
| Other Operational Income | 20,895,010 | | 26,198,573 | 33,105,858 |
| | | 28,816,235 | | |
| | | **615,203,759** | | **622,830,212** |

**Note No. 17**
**Other Income**

| Particulars | 2018-2019 | 2017 - 2018 |
|---|---|---|
| | Rs. | - |
| Interest Receipts | 830,415 | 918,497 |
| Miscellaneous Income | 3,158 | 720,559 |
| Discount Received | | 100,837 |
| | **833,573** | **1,739,893** |

**Note No. 18**
**Cost of Materials Consumed**

| Particulars | 2018-2019 | | 2017 - 2018 | |
|---|---|---|---|---|
| | Rs. | | | - |
| Opening Stock | 12,358,196 | | 30,799,446 | |
| Add: Purchases | 220,902,374 | | 216,591,747 | |
| | 233,260,570 | | 247,391,193 | |
| Less : Closing Stock | (11,324,359) | 221,936,211 | (12,358,196) | 235,032,997 |
| | | **221,936,211** | | **235,032,997** |

**Note No. 19**
**Changes in Inventories**

| Particulars | 2018-2019 | | 2017 - 2018 | |
|---|---|---|---|---|
| | Rs. | | | - |
| **Opening Stock** | | | | |
| Finished Goods | 30,001,009 | | - | |
| Work-in-Progress | 40,927,065 | 70,928,074 | 17,860,354 | 17,860,354 |
| **Closing Stock** | | | | |
| Finished Goods | 39,553,362 | | 24,315,829 | |
| Semi Finished Goods | 30,696,256 | 70,249,618 | 33,171,400 | 57,487,229 |
| | | **678,456** | | **(39,626,875)** |

**Note No. 20**
**Employee Benefit Expenses**

| Particulars | 2018-2019 Rs. | 2017-2018 Rs. |
|---|---|---|
| Salaries, Wages, Allowances and Bonus | 9,878,326 | 9,555,839 |
| Director's Remuneration | 6,000,000 | 4,700,000 |
| Staff Welfare Expenses | 480,238 | 701,801 |
| | **16,358,564** | **14,957,640** |

**Note No. 21**
**Finance Costs**

| Particulars | 2018-2019 Rs. | 2017-2018 Rs. |
|---|---|---|
| **Interest** | | |
| Working Capital Finance & Term Loans | 14,304,772 | 18,184,425 |
| Others | - | 71,478 |
| Other Financial Costs | 188,998 | 694,122 |
| | **14,493,770** | **18,950,025** |

**Note No. 22**
**Other Expenses**

| Particulars | 2018-2019 Rs. | | 2017-2018 Rs. | |
|---|---|---|---|---|
| **Manufacturing Expenses** | | | | |
| Power & Fuel | 4,118,780 | | 3,161,020 | |
| Repairs to Machinery | 7,390,657 | | 7,045,098 | |
| Packing Materials and Charges | - | | 3,709 | |
| Transportation Expenses | 12,224,495 | | 16,075,965 | |
| Job Work & Labour Charges | 57,643,798 | | 54,681,730 | |
| Other Manufacturing Expenses | 11,380,692 | 92,758,422 | 13,660,530 | 94,628,052 |
| **Selling and Distribution Expenses** | | | | |
| Commission | 2,105,163 | | 2,540,778 | |
| Courier, Freight and Insurance | 12,484,480 | 14,589,643 | 12,606,854 | 15,147,632 |
| **Administrative and Other Expenses** | | | | |
| Travelling Expenses | 5,250,835 | | 3,544,790 | |
| Rent Paid | 6,377,000 | | 3,550,575 | |
| Rates and Taxes | 139,690 | | 134,318 | |
| Insurance Premium | 133,669 | | 77,625 | |
| **Repairs and Maintenance:** | | | | |
| Computer | 139,077 | | 52,608 | |
| Vehicles | 221,090 | | 8,110 | |
| Office Expenses | 1,365,543 | | 3,474,642 | |
| Electricity Expenses | 369,520 | | 306,860 | |
| Registration Charges | 191,953 | | 2,285,605 | |
| Advertisement and Business Promotion | 4,054,364 | | 2,701,963 | |
| Legal and Professional Fees | 390,031 | | 1,047,443 | |
| Payments to Auditor | 155,000 | | 100,000 | |
| Conveyance Expenses | 45,281 | | 155,359 | |
| Printing & Stationery Expenses | 928,628 | | 370,996 | |
| Telephone Expenses | 105,046 | | 140,114 | |
| Bad Debts | 1,449,595 | | - | |
| Bank discount, Commission and Other Charges | 2,542,655 | | 1,563,635 | |
| Sundary Balance Writen Off | 615,595 | | - | |
| General expenses | 5,624,002 | 30,098,574 | 2,886,008 | 22,400,650 |
| | | **137,446,639** | | **132,176,334** |

ote (i) Payment to Auditors

| ayments to the auditor | 2018-2019 Rs | 2017-2018 Rs |
|---|---|---|
| | 125000 | 100000 |
| Reimbursement of expenses | - | - |
| otal | | |

# SAKETH EXIM LIMITED (Formerly Known as SAKETH EXIM PRIVATE LIMITED)

**NOTE: 1**

**NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019**

## SIGNIFICANT ACCOUNTING POLICIES

### I. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

These financial statements have been prepared and presented under the historical cost conversion, on the accrual basis of accounting in accordance with the generally accepted accounting principles in India ('Indian GAAP') and comply with Accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 which continue to apply under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current –non-current classification of assets and liabilities.

### II. USE OF ESTIMATES.

The Preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities and the disclosures of contingent liabilities at the end of reporting period.

### III. FIXED ASSETS AND DEPRECIATION/ AMORTIZATION

(i) Gross Fixed Assets are stated at historical cost of acquisition / construction net of Cenvat credit/Input Credit under VAT on capital goods. Depreciation on tangible assets is provided on Straight Line Method as specified in Schedule II to The Companies Act, 2013. Intangible Assets are

amortized as per AS-26 issued by The Institute of Chartered Accountants of India.

(ii) Fixed assets are eliminated from financial statements either on disposal or when retired from active use. The retired assets are disposed off or discarded immediately. Profit or loss on disposal of assets is recognized in the statement of profit and loss.

(iii) Depreciation is provided on pro-rata basis from the day in which assets have been put to use and up to the day on which assets have been used by the company.

**IV. IMPAIRMENT OF ASSETS:**

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount.

**V. FOREIGN CURRENCY TRANSACTIONS:**

a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

**VI. REVENUE RECOGNITION:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when the significant risk and reward of ownership of the goods have passed to the buyer which normally coincides with the despatch of goods from the factory of the company. Sales are disclosed net of trade discount, Sales returns.

Revenue in respect of insurance, interest, cash subsidy and other claims is recognized only when it is reasonably certain that the ultimate collection will be made.

Export incentives under the Duty Entitlement Pass Book Scheme, Duty Draw Back Scheme, etc. are accounted in the year of export.

**VII. OPERATING LEASES:**

Lease arrangements where risk and rewards incidental to ownership of an asset, substantially vests with the Lessor, are classified as operating leases.

Rental expenses on assets obtained under operating lease arrangement are recognized on a straight line basis over a term of the lease.

**VIII. INVESTMENTS:**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long – term investments. Provisions, if any are made for permanent diminution in value of investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long – term investments are carried at cost.

**IX. INVENTORIES:**

i) Raw materials and packing materials are valued at landed cost determined on FIFO Basis net off VAT/CENVAT, wherever applicable.

ii) The finished and trading goods have been valued at cost or net realizable value whichever is less.

iii) Semi finished goods have been valued at estimated cost, as certified by the management.

**X. BORROWING COSTS:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized, as applicable. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**XI. TAXES ON INCOME:**

Tax expense comprises of Current and Deferred Tax. Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of The Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**XII. EARNINGS PER SHARE:**

Basic Earnings per Share is computed by dividing the net profit attributable to Equity Shareholders for the year, by weighted average number of Equity Shares outstanding during the year. Diluted earning per share is computed using the weighted average number of Equity and dilutive Equity equivalent share outstanding at year-end.

**XIII. CASH & CASH EQUIVALENTS:**

Cash and Cash Equivalents in the Balance Sheet comprise of cash at bank and in hand and Term deposits with banks with original maturity of 1 year or more.

**XIV. PROVISIONS AND CONTINGENCIES:**

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or

(ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

**XV. ACCOUNTING POLICIES:**

Accounting Policies not specifically referred to, are consistent and in consonance with generally accepted accounting principles.

**KEY ACCOUNTING RATIOS**

The following tables present certain accounting and other ratios derived from the relevant Consolidated Financial Statements. For details see "*Financial Statements*" on page 100 of this Draft Letter of Offer

| Ratios | 2021-22 | 2020-21 |
|---|---|---|
| Profit After Tax as per Consolidated P&L Account* (₹ in Lakhs) | 315.83 | 234.89 |
| Earnings before Interest. Taxes, Depreciation & Amortisation | 1018.45 | 769.64 |
| Weighted Average Number of Equity Shares at the end of the Year | 1,00,46,000 | 1,00,46,000 |
| Net Worth (₹ in Lakhs) | 2500.20 | 2296.67 |
| **Earnings Per Share** | | |
| Basic & Diluted | 3.14 | 2.34 |
| **Return on Net Worth (%)** | 12.63% | 10.23% |
| **Net Asset Value Per Share (₹)** | 23.83 | 22.38 |
| Nominal Value per Equity share (₹) | 10 | 10 |
| Total Borrowings | 4044.57 | 3523.57 |

Note 1:

The ratios have been computed as below:

| | |
|---|---|
| Basic earning per share | Profit/(loss) for the period/year as per consolidated statement of profit and loss attributable to owners of Company / Weighted average number of Equity shares outstanding during the period/ year as adjusted for effects of all dilutive potential equity shares |
| Return on net worth (%) | Profit/(loss)for the period/year as per the consolidated statement of profit and loss in the financial statements / Net Worth at the end of the year /period |
| Net asset value per Equity Share | Net Worth / Number of Equity shares subscribed and fully paid outstanding during the period/ year as adjusted for effects of all dilutive potential equity shares |
| Networth | As per SEBI ICDR Regulations, as defined in Section 2(57) of the Companies Act, 2013, as added by credit balance in Other Comprehensive Income |

**Figures for FY 2020-21 are as per restated IND AS as the Company has adopted IND-AS for the first time and effective date being April 01, 2020 and in accordance with Financial Result for year ended March 31, 2022 submitted with Stock Exchange.*

*(Source: Certificate dated June 11, 2022 by R A Maru and Associates Chartered Accountants bearing UDIN: 22166417AKTFPG7090)*

**PROFORMA FINANCIAL STATEMENTS**

The Statutory Auditor R A Maru & Associates, Chartered Accountant vide it certificate dated July 21, 2022 has certified that Tembo Global USA Inc, incorporated on December 13, 2019 in USA has closed on May 28, 2022 and was not a material subsidiary of Tembo Global Industries Limited.

*Note: Restated financial statements and Capitalisation Statement shall be updated in Letter of Offer.*

## MANAGEMENT DISCUSSION AND ANALYSIS CONDITION AND RESULTS OF OPERATION

The following discussion of our financial condition and results of operations should be read in conjunction with the "*Financial Statements*" beginning on page 100. Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "*Risk Factors*" and "*Forward Looking Statements*" beginning on page 21 and 14, respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this draft letter of offer are prepared in accordance with Ind AS as applicable, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2021 included herein is based on the Audited Consolidated Financial Statements and for Fiscal 2022 included herein is based on the Audited Consolidated Financial, included in this draft letter of offer. For further information, refer "*Presentation Of Financial, Industry And Market Data"* and "*Financial Statements*" on page 16 and 100 respectively.

**Background and Review**

The Company is a public company domiciled in India and was incorporated on 16.06.2010 under the provisions of the Companies Act 1956 applicable in India. The Registered Office of the Company is situated at D-146/147, MIDC TTC Industrial, Estate, Opp Balmer Lawrie, Turbhe, Navi Mumbai 400703

The Company is principally engaged in the activities pertaining manufacture of pipe hangers and trading of fabrics.

**SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Despite being hit by the lack of construction activities due to Covid-19 for a year, the steel industry has done well. The steel sector contributes approximately 1.5% to India's GDP and is one of the core sectors forming the backbone of the economy, providing employment to about 25 lakh people directly and indirectly. India is the third largest manufacturing hub of steel pipes in the world and these constitute 8 to 10% of the steel consumption.

The exports for the current fiscal are expected to surpass that of FY21 as it has already crossed 70% of that year. Although there has been border tensions with China, the steel industry has seen sustained trade flow between India and China. Exports accounted for Rs 19,267 crore whereas imports from China accounted Rs 16,369 crore.

However, the transport prices shooted up by 40% and the raw material availability and price hike of our raw material threaded rod and steel sheets, patti shooted up. There was hike in Labour charges and loading and unloading charges.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised as at April 1, 2020 measured as per the previous GAAP and use that carrying value as the deemed cost of tangible and intangible assets after making necessary adjustment for mine reclamation provision.

**SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please refer section titled "*Financial Statements*" on page 100

**CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS**

Except as mentioned in section "*Financial Information*" on page 100, there has been no change in accounting policies in last 3 years.

**RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS**

The Auditors' Report does not contain any qualification, reservation, adverse remark or disclaimer.

**RESULTS OF OPERATIONS**

The following table sets out selected data from the Consolidated Audited Financial Statement for Fiscal 2021 and Fiscal 2020, together with the percentage that each line item represents of our total revenue for the periods presented.

| Particulars | FY 2022 | | FY 2021 | | FY 2020 | |
|---|---|---|---|---|---|---|
| | ₹ in Lakhs | % to total income | ₹ in Lakhs | % to total income | ₹ in Lakhs | % to total income |
| **Income** | | | | | | |
| Revenue from Operations | 17,592.75 | 98.88% | 10,450.67 | 99.11% | 7872.67 | 99.8% |
| Other Income | 197.86 | 1.12% | 16.37 | 0.88% | 15.95 | 0.2% |
| **Total Income** | **17,790.61** | **100.00**% | **10,543.52** | **100.00**% | 7888.62 | 100.00% |
| **Expenses** | | | | | | |
| Changes in inventories of finished goods, work-in-progress and stock-in-trade | (615.81) | (3.46) % | (186.00) | (1.76) % | -339.00 | (4.30) % |
| Cost of materials consumed | 5,540.56 | 31.14% | 3,545.99 | 33.63% | 2463.22 | 31.22% |
| Purchases of stock-in-trade | 8,848.20 | 49.74% | 4,054.90 | 38.46% | 3322.81 | 42.12% |
| Employee Benefit Expenses | 493.40 | 2.77% | 296.40 | 2.81% | 250.17 | 3.17% |
| Finance Cost | 356.22 | 2.00% | 240.16 | 2.28% | 159.59 | 2.02% |
| Depreciation and amortisation expense | 232.72 | 1.31% | 195.02 | 1.85% | 94.42 | 1.19% |
| Other Expenses | 2,505.81 | 14.09% | 1986.11 | 18.84% | 1608.03 | 20.38% |
| **Total Expenses** | **17,361.10** | **97.59%** | **10,132.58** | **96.10%** | 7559.23 | 95.82% |
| Profit / (Loss) before exceptional items and extraordinary items and Tax | 429.50 | 2.41% | 334.86 | 3.18% | 329.39 | 4.17% |
| Exceptional Items | - | | - | | 0.00 | 0 |
| Profit / (Loss) after exceptional items and extraordinary items and Tax | 429.50 | 2.41% | 334.86 | 3.18% | 329.39 | 4.17% |
| **Tax Expense** | | | | | | |
| Current Tax | (120.00) | (0.67%) | (124.90) | (1.18%) | 88.50 | 1.12% |
| Deferred Tax | 5.84 | 0.03% | 24.05 | 0.23% | 1.92 | 0.02% |
| Prior Period Tax Adjustments | - | | 1.28 | 0.01% | 0.00 | **0** |
| **Profit After Tax** | 315.34 | 1.77% | 234.88 | 2.23% | 238.98 | 3.03% |
| Profit /(loss) from discontinuing operations | - | - | - | - | 238.98 | 3.03% |
| Tax expense of discontinuing operations | - | - | - | - | 0.00 | - |
| **Profit /(loss) from discontinuing operations (after tax)** | - | - | - | | - | - |

| Particulars | FY 2022 | | FY 2021 | | FY 2020 | |
|---|---|---|---|---|---|---|
| | ₹ in Lakhs | % to total income | ₹ in Lakhs | % to total income | ₹ in Lakhs | % to total income |
| **Profit /(loss) for the period** | 315.34 | 1.77% | 234.88 | 33.63% | 238.98 | 3.03% |
| Earnings per Share | | | | | | |
| Basic (in Rs) | 3.14 | | 2.34 | | 0.00 | 0 |
| Diluted (In Rs.) | 3.14 | | 2.34 | | 250.17 | 0 |

**Total income**

*Our revenue comprises of:* Revenue from operations by sale of products and other incomes.

***Revenue from operations***

Our revenue from operations arises out of revenue from Manufacturing of Engineering Products & Trading of Fabrics and Textile Materials .

***Other Income***

Our other income is from interest income income tax refunds and gain from Foreign Exchange fluctuation

***Expenses***

Our expenses consist of (i) employee benefit expenses; (ii) finance costs; (iii) depreciation and amortization expense; and (iv) other expenses; (v) Cost of materials consumed

***Employee benefit expenses***

Employee benefit expense consists of salary, other expense, gratuity expense and staff welfare expense. {Our salary & wages are net of capitalization}.

***Finance costs***

Our finance costs comprise of interest on term loan and working capital loan and other finance cost.

***Depreciation and amortization expenses***

Depreciation and amortization expenses consist of Tangible and intangible assets which are depreciated and amortized over periods corresponding to their estimated useful lives.

***Other expenses***

Our other expenses primarily include legal, professional and consultancy fees, travelling and conveyance, Power and fuel, postage, Repairs to machinery, Printing stationery, Advertising promotional expenses, Transportation distribution expenses, Payment for audit services and Miscellaneous expenses.

***Tax expenses***

Tax expense comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

**Results of our Operations**

**Comparison of Consolidated Financial Results of Operations of Fiscal 2022 with Fiscal 2021**

***Revenues:***

Our total revenues in the fiscal year ended 31st March, 2022 were ₹ 17,790.61 Lakhs, an increase of 68.74% over our total revenues of ₹ 10,543.52 Lakhs in the fiscal year ended 31st March, 2021.

Our revenues from operation in the fiscal year ended 31st March, 2022 were ₹ 17,592.75 Lakhs an increase of 68.34% over our revenues from operation of ₹ 10,450.67 in the fiscal year ended 31st March, 2021.

***Other income***

Our other income primarily comprises of interest on bank deposits. Our other income in the fiscal year ended 31st March, 2022 was ₹197.86 Lakhs as compared to ₹16.37 Lakhs in the fiscal year ended 31st March, 2021.

***Cost of Material Consumption***

Our Cost of Material consumption rose significant with ₹ 3,545.99 lakhs in the fiscal year ended 31st March, 2021 to 5,540.56 lakhs in the fiscal year ended 31st March, 2022.

***Purchases of stock-in-trade***

Our purchases of stock-in-trade in the fiscal year ended 31st March 2022 were ₹ 8,848.20 lakh, an increase of 118.21 % as compared to ₹ 4,054.90 lakh in the fiscal year ended 31st March, 2021.

***Changes in inventories of raw material, work-in-progress, and finished goods,***

Our changes in inventories of raw material, work-in-progress, and finished goods, in the fiscal year ended 31st March, 2022 were ₹ (615.81) lakh, an increase in 231.08% as compared to ₹ (186.00) lakhs in the fiscal year ended 31st March, 2021.

***Employee benefit expenses***

Employee costs net of capitalized cost in the fiscal year ended 31st March, 2022 stood at ₹ 493.40 Lakhs, an increase of 66.46 % over our employee costs net of capitalized cost of ₹ 296.40 in the fiscal year ended 31st March, 2021. Employee costs relate to salaries and incentive paid to employees.

***Finance costs***

Finance costs in the fiscal year ended 31st March, 2022 were ₹ 356.22 Lakhs, an increase of 48.33% from our finance costs of ₹240.16 in the fiscal year ended 31st March, 2021.

***Depreciation and Amortization Expense***

Our depreciation and amortization charge were ₹ 232.72 Lakhs and ₹ 195.02 Lakhs for the year ended 31st March, 2022 and 31st March, 2021 respectively.

***Other expenses***

Our other expenses net of capitalized expenses increased to ₹ 2505.81 Lakhs i.e. in financial Year 2022, 26.17% from ₹1986.11 Lakhs in Financial Year 2021.

***Profit/Loss before Tax***

In light of above discussions, our profit before tax increased substantially to ₹429.50 Lakhs or by 28.26% from a profit of ₹ 334.86 Lakhs in Financial Year 2021.

***Profit/Loss after Tax***

For the various reasons discussed above, and following adjustments for tax expense, we recorded a profit of ₹ 315.34 Lakhs in Financial Year 2022 as compared to a profit of ₹ 234.88 Lakhs in the Financial Year 2021 which was an increase in Profit after tax by 34.26%.

**Results of our Operations**

**Comparison of Consolidated Financial Results of Operations of Fiscal 2021 with Fiscal 2020**

***Revenues:***

Our total revenues in the fiscal year ended 31st March, 2021 were ₹ 10543.52 Lakhs, an increase of 25.18% over our total revenues of ₹ 7888.62 Lakhs in the fiscal year ended 31st March, 2020.
Our revenues from operation in the fiscal year ended 31st March, 2021 were ₹ 10531.65 Lakhs an increase of 25.24% over our total revenues of ₹ 7872.67 in the fiscal year ended 31st March, 2020.

Our export turnover increased by 30.51% from ₹ 387.26 Lakhs in fiscal year ended 31st March, 2020 to ₹ 557.36 Lakhs in fiscal year ended 31st March, 2021.
Also, domestic revenues strengthened from ₹ 363.99 Lakhs in fiscal year ended 31st March, 2020 to ₹ 431.19 Lakhs in fiscal year ended 31st March, 2021.

***Other income***

Our other income primarily comprises of interest on bank deposits. Our other income in the fiscal year ended 31st March, 2021 was ₹11.87 Lakhs as compared to ₹15.95 Lakhs in the fiscal year ended 31st March, 2020.

***Employee benefit expenses***

Employee costs net of capitalized cost in the fiscal year ended 31st March, 2021 stood at ₹ 296.40 Lakhs, an increase of 15.59% over our employee costs net of capitalized cost of ₹ 250.17 in the fiscal year ended 31st March, 2020. Employee costs relate to salaries and incentive paid to employees.

***Finance costs***

Finance costs in the fiscal year ended 31st March, 2021 were ₹233.91 Lakhs, an increase of 31.77% from our finance costs of ₹1,59,58,922 in the fiscal year ended 31st March, 2020.

***Depreciation and Amortization Expense***

Our depreciation and amortization charge was ₹ 139.32 Lakhs and ₹ 94.42 Lakhs for the year ended 31st March, 2021 and 31st March, 2020 respectively.

***Other expenses***
Our other expenses net of capitalized expenses increased to ₹2052.41 Lakhs i.e. in financial Year 2021, 21.65 % from ₹1608.03 Lakhs in Financial Year 2020.

***Profit/Loss before Tax***

In light of above discussions, our profit before tax increased substantially to ₹403.68 Lakhs or by 18% from a profit of ₹ 329.39 Lakhs in Financial Year 2020.

***Profit/Loss after Tax***

For the various reasons discussed above, and following adjustments for tax expense, we recorded a profit of ₹ 286.67 Lakhs in Financial Year 2021 as compared to a profit of ₹ 1608.03 Lakhs in the Financial Year 2020 which was an increase in Profit after tax by 16.63%.

**RELATED PARTY TRANSACTIONS**

For details of our related party transactions, refer "*Financial Information***"** on page 100 in this draft letter of offer.

**Significant Developments since last balance sheet date**

Except as mentioned below, to our knowledge no circumstances have arisen since March 31, 2022, the date of the last financial information disclosed in this draft letter of offer which materially and 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.

- Closure of Wholly Owned Subsidiary named "Tembo USA INC".
- The Financial results for the Year ended March 31, 2022 and March 31, 2021 have been prepared by adoption of Ind AS on a basis that differs in certain material respects from generally accepted accounting principles.
- Company holds shares in Northstar Technologies International Limited incorporated on July 20, 2022 which in turn effect the status as Associate Company.

## MARKET PRICE INFORMATION

The Equity Shares are listed on NSE as on since April 23, 2021*. The Rights Equity Shares will be listed on NSE pursuant to the Issue. For further details, see '*Terms of the Issue*' on page 291.

**Note: The Company was listed on Emerge Platform of National Stock Exchange of India Limited on August 13, 2018 vide listing and trading approval from National Stock Exchange of India Limited dated August 13,2018. Further, the Company migrated to main board of National Stock Exchange of India Limited vide listing and trading approval dated April 23,2021.*

We have received in-principle approvals for listing of the Rights Equity Shares on the Stock Exchanges to be issued pursuant to the Issue from the NSE dated [●]. Our Company will also make applications to NSE to obtain the listing and trading approvals from the Stock Exchanges for the Rights Entitlements as required under the SEBI Rights Issue Circular.

For the purpose of this section, unless otherwise specified:
1. Year is a Financial Year;
2. Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case may be;
3. High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of our Equity Shares, for the year, the month, or the week, as the case may be; and
4. In case of 2 days with the same high / low / closing price, the date with higher volume has been considered.

**Stock Market Data of the Equity Shares (NSE)**

The following table sets forth the high, low and average market price of the Equity Shares recorded on the NSE during the preceding 3 Fiscal and the number of the Equity Shares traded on the days when the high and low prices were recorded:

| Fiscal | High (₹) | Date of High | Volume on date of high (No. of Equity Shares) | Total Volume on date of high (₹) | Low (₹) | Date of low | Volume on date of low (No. of Equity Shares) | Total Volume on date of low (₹) | Average market price (₹) |
|---|---|---|---|---|---|---|---|---|---|
| 2022 | 334.55 | October 06, 2021 | 309997 | 100323910.95 | 116.5 | April 23, 2021 | 188711 | 22623198.3 | 235.08 |
| 2021 | 260.8 | February 12, 2021 | 184000 | 38100800 | 93.3 | March 31, 2021 | 18000 | 1705300 | 163.42 |
| 2020 | 137.5 | February 13, 2020 | 4000 | 545000 | 100 | July 24, 2019 | 132000 | 14472800 | 118.14 |

Source: www.nseindia.com

The total number of Equity Shares traded on the NSE during the last 6 months was 92,47,711 Equity Shares. The average volume of Equity Shares traded on the NSE during the last 6 months was 75800.91 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective date on the NSE during the last 6 months preceding the date of filing of this Letter of Offer are as follows:

| Month | High (₹) | Date of High | Volume on date | Total Volume on date of high | Low (₹) | Date of low | Volume | Total Volume on date | Average market |
|---|---|---|---|---|---|---|---|---|---|

| | | | of high (No. of Equity Shares) | (₹) | | | on date of low (No. of Equity Shares) | of low (₹) | price (₹) |
|---|---|---|---|---|---|---|---|---|---|
| June 2022 | 159 | June 01, 2022 | 91591 | 13988803.05 | 105 | June 29, 2022 | 3762 | 409411.2 | 133.10 |
| May 2022 | 215.95 | May 02, 2022 | 80419 | 16413629.25 | 135.3 | May 25, 2022 | 44514 | 6450968.4 | 169.98 |
| April 2022 | 226.5 | April 08, 2022 | 162951 | 35905030.65 | 176.3 | April 28, 2022 | 126763 | 23774406.85 | 206.75 |
| March 2022 | 244.8 | March 15, 2022 | 170606 | 40231369.85 | 186.2 | March 08, 2022 | 289775 | 56742623.3 | 214.80 |
| February 2022 | 307.8 | February 17, 2022 | 144757 | 43709210.15 | 218.4 | February 28, 2022 | 43811 | 9931370.25 | 285.23 |
| January 2022 | 298.65 | January 10, 2022 | 57770 | 16742528.6 | 248.65 | January 27, 2022 | 39265 | 10269277.95 | 278.23 |

The Board has approved the Issue at their meeting held on May 10, 2022. The high and low prices of Equity Shares as quoted on the NSE on May 11, 2022, the day on which the trading in the Equity Shares happened immediately following the date of the Board meeting are as follows:

| Date | Volume (No. of Equity Shares) | High Price (₹) | Low Price (₹) |
|---|---|---|---|
| May 11, 2022 | 101238 | 188.4 | 171.7 |

The closing market price of the Equity Shares as on July 22, 2022 i.e., one day prior to filing of this Draft Letter of Offer was ₹ 173.85 on the NSE. The Issue Price is ₹ [●] per Rights Equity Share.

## SECTION VI – LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND DEFAULTS

Our Company and Promoters are subject to various legal proceedings from time to time primarily arising in the ordinary course of their business.

Further other than as disclosed in this section, there are no outstanding litigation involving our Company, Subsidiaries and/or our Promoters with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Promoters, (ii) material violations of statutory regulations by our Company and/or our Promoters, (iii) economic offences where proceedings have been initiated against our Company and/or our Promoters, (iv) any pending matters, which if they result in an adverse outcome would materially and adversely affect operations or financial position of our Company and/or our Promoters, and (v) tax matters. Our Company's Policy for Determination of Materiality, framed in accordance with Regulation 30 of the SEBI Listing Regulations, does not stipulate any materiality threshold litigation.

Pre-litigation notices received by our Company, subsidiaries and/or our Promoters 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 be evaluated for materiality until such time our Company and / or our promoter are impleaded as defendant in litigation proceedings before any judicial forum.

- **Outstanding litigations involving our Company:**
- **Criminal proceedings against our Company -** Nil
- **Criminal proceedings filed by the manager of our Company-** Nil
- **Outstanding civil litigation involving our Company-** NA
- **Arbitration-** NA
- **Labour cases –** NA
- **District Court cases –** NA
- **Details of fines imposed or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Draft Letter of Offer**

  There have been no fines imposed on our Company or compounding of offences by our Company under the Companies Act in the last five years immediately preceding the date of this Draft Letter of Offer except as below:

| Sr.no | Competent Authority | Regulatory Charges | Regulatory Action(s)/ Date of Order | Further Developments |
|---|---|---|---|---|
| 1 | Regional director, Western Region Ministry of Corporate Affairs, Mumbai | Delay in filing of Form CHG-4 for satisfaction of charge of Rs 30,00,000 availed from Bank of India,Turbhe branch, Plot no 34, sector 24,Turbhe, Navi Mumbai- 400705 on 13/09/2011.<br><br>The charge was satisfied on 18/07/2018 and the form ought to have been filed within 30 days from satisfaction of charge i.e on or before 16/08/2018 but the said form was filed with Registrar on | Amount levied Rs 11,250 vide order dated. 24/11/2021. | Company has made payment of Rs 12150/- Vide SRN challan X01999457 dated 30/11/2021 |

| Sr.no | Competent Authority | Regulatory Charges | Regulatory Action(s)/ Date of Order | Further Developments |
|---|---|---|---|---|
| | | 28/08/2018 after a delay of 12 days. | | |
| 2 | Regional director, Western Region Ministry of Corporate Affairs, Mumbai | Delay in filing of Form CHG-4 for satisfaction of charge of Rs 7,50,000 availed from Bank of India,Turbhe branch, Plot no 34, sector 24,Turbhe, Navi Mumbai- 400705 on 11/12/2012.<br><br>The charge was satisfied on 18/07/2018 and the form ought to have been filed within 30 days from satisfaction of charge i.e on or before 16/08/2018 but the said form was filed with Registrar on 28/08/2018 after a delay of 12 days. | Amount levied Rs 11,250 vide order dated 10/08/2021. | Company has made payment of Rs 11,250/- Vide SRN challan U97075980 dated 17/09/2021 |
| 3 | Regional director, Western Region Ministry of Corporate Affairs, Mumbai | Delay in filing of Form CHG-4 for satisfaction of charge of Rs 19,00,000 availed from Bank of India,Turbhe branch, Plot no 34, sector 24,Turbhe, Navi Mumbai- 400705 on 12/10/2015. The charge was satisfied on 18/07/2018 and the form ought to have been filed within 30 days from satisfaction of charge i.e on or before 16/08/2018 but the said form was filed with Registrar on 28/08/2018 after a delay of 12 days. | Amount levied Rs 11,250 vide order dated 10/08/2021. | Company has made payment of Rs 11,250 vide SRN challan U97076871 dated 17/09/2021 |

- **Litigations involving our Subsidiaries**
  There are no issues of moral turpitude or criminal liability, material violation of statutory regulations or economic offences or material pending matters involving our Subsidiaries.

- **Material frauds against our Company in the last five years immediately preceding the year of this Draft Letter of Offer**
  As of the date of this Draft Letter of Offer, there have been no material frauds committed against our Company in the last five years

- **Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act in the last five years immediately preceding the year of this Draft Letter of Offer and if there were prosecutions filed (whether pending or not)**

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act in the last five years against our Company.

- **Disciplinary Action Including Penalty Imposed by Sebi or Stock Exchanges Against the Promoters in the Last Five Financial Years Including Outstanding Action.**

  There have been no disciplinary action including penalty imposed by Sebi or Stock Exchanges Against the Promoters in the Last Five Financial Years Including Outstanding Action except:

| Sr.no | Competent Authority | Regulatory Charges | Regulatory Action(s)/ Date of Order | Further Developments |
|---|---|---|---|---|
| 1 | National Stock Exchange of India Limited | Non-compliance with Regulation 23 (9) Of SEBI (LODR) Regulations,2015 | Imposed fine of Rs 70,800 vide Notice dated 14th July, 2022 | The Company is in process of making payment within stipulated period of time as mentioned in the said notice. |

- **Outstanding dues to small scale undertakings or any other creditors**

  As on March 31, 2022 the Company do not have any outstanding liability against Micro, Small and Medium Enterprise creditors. Also, In the absence of information available with us, dues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as of 31/03/2022, cannot be ascertained.

- **Outstanding litigation involving any other persons or companies whose outcome could have an adverse effect on our Company**

  There is no outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company.

**II. Litigation involving our Directors**

**A] Outstanding criminal litigation involving our Directors**

- Criminal proceedings against our Directors: Nil
- Criminal proceedings by our Directors: Nil
- Actions taken by Statutory / Regulatory Authorities: Nil
- Tax Proceedings: Nil
- Other Material Litigations: Nil

**B] Outstanding civil litigation involving our Directors**

- Civil proceedings against our Directors: Nil
- Civil proceedings by our Directors: Nil
- Actions taken by Statutory / Regulatory Authorities: Nil
- Tax Proceedings: Nil
- Other Material Litigations: Nil

**III. Litigation involving our Promoters**

**A] Outstanding criminal litigation involving our Promoters**

- Criminal proceedings against our Promoters: Nil
- Criminal proceedings by our Promoters: Nil

**B] Outstanding civil litigation involving our Promoters**

- Civil proceedings against our Promoters: NIL

**IV. Tax proceedings**

A summary of tax proceedings, in a consolidated manner, involving our Company, our Promoters, our Directors are stated below:

| Sr. No | Nature of Case | Number of Cases | Amount Involved (in INR) | Interest Accrued | Remarks, if any |
|---|---|---|---|---|---|
| **A** | **Our Company** | | | | |
| | Direct Tax | | | | |
| 1 | Assessment year 2014-15, including Assessment proceedings u/s 143(3) for AY 2015-16 | 1 | 58,60,000 | | Appeal filed by the Company on January 25, 2018 before the commissioner of Income Tax appeals.<br>Hearing date is awaited |
| | **TDS Defaults** | | | | |
| 1 | TDS defaults for TANs – F.Y 2019-20 | 1 | - | 30 | This includes Interest on payment default u/s 201, Interest on deduction default u/s 201, Interest u/s 220(2) |
| 2 | TDS defaults for TANs – F.Y 2020-21 | 1 | - | 8,386 | |
| 3 | TDS defaults for TANs – F.Y 2021-22 | 1 | - | 572 | |
| 4 | Prior Years | 1 | - | 7.38 | |
| **B** | **OUR PROMOTERS AND PROMOTER GROUP** | | | | |
| 1 | **Assessment year 2021-**<br>Mr. Sanjay Jash Bhai Patel | 1 | 87100 | 3484 | **Current Status :**<br>The Company has made payment dated 31/03/2021 appearing vide Form 26AS.<br><br>However, demand raised by the Income Tax Department on 5/04/2022 is still appearing on the Income Tax Portal. |
| **C** | **Other Tax Proceedings** | - | - | - | - |
| **D** | **Other Subsidiaries Companies** | - | - | - | - |

**LEGAL NOTICES RECEIVED BY OUR COMPANY, OUR PROMOTERS AND OUR DIRECTORS:** Nil

**DISCLOSURES PERTAINING TO WILFUL DEFAULTERS**

Neither our Company or the Promoters and nor our Directors are or have been classified as a wilful defaulter by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters issued by RBI.

**MATERIAL DEVELOPMENTS**

We confirm that other than the disclosures made in the financial statements and Audit Financial Results for the quarter and year ended March 31, 2022, as appearing in this Draft Letter of Offer, there are no material changes and commitments affecting the financial position of the Company. Except the closure of Tembo Global USA Inc, wholly owned subsidiary in USA w.e.f. May 28, 2022 and Company holds shares in Northstar Technologies International Limited incorporated on July 20, 2022 which in turn effect the status as Associate Company.

## GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS

In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations. Our Company has received the necessary consents, licenses, registrations, permissions and approvals from the Government of India and various governmental agencies and other statutory and/ or regulatory authorities required to undertake this Issue and carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals and licenses are valid as of the date of this Letter of Offer and in case of licenses and approvals which have expired; we have either made application for renewal or are in the process of making an application for renewal. Except for the following, no further material approvals from any governmental or regulatory authority are pending to undertake the Issue or continue its business activities.

I. Material approvals for which applications have been made by our Company, but are currently pending grant: NIL
II. Material approvals for which renewal applications have been made by our Company: NIL
III. Material approvals which have expired and for which renewal applications are yet to be made by our Company: NIL
IV. Material approvals required for which no application has been made by our Company: NIL

**I. Approvals for the Issue**

The following approvals have been obtained or will be obtained in connection with the Issue:

a. Our Board, pursuant to its resolution dated May 10, 2022, authorized the present Rights Issue;

b. Our Board approved the Letter of Offer pursuant to its resolution dated [●].

c. In-principle approval from NSE dated [●].

**II. Incorporation details**

a. Certificate of Incorporation dated June 16, 2010 issued by the Assistant Registrar of Companies, Mumbai ("**ROC**") in the name of "Saketh Exim Private Limited".

b. A fresh Certificate of Incorporation consequent upon change of name from "Saketh Exim Private Limited" to "Saketh Exim Limited" was issued on December 19, 2017 by the RoC.

c. A fresh Certificate of Incorporation consequent upon change of name from "Saketh Exim Limited" to "Tembo Global Industries Limited" was issued on March 13, 2020 by the RoC

d. Inclusion of new object as addition to Main Object was added vide Special Shareholder resolution dated 07th July, 2021.

e. The Corporate Identity Number (CIN) of the Company is L24100MH2010PLC204331.

**III. Corporate approvals of our Company**

a. The Permanent Account Number (PAN) of our Company is AAPCS4498C

b. The Tax Deduction Account Number (TAN) of our Company is MUMS94236C

c. Registration certificate under The Central Goods and Services Tax Act, 2017 (GST) for the state of Maharashtra bearing registration no. 22AAPCS4498C1ZV

d. Registration No. 1810200312409610 under Maharashtra Shop and Establishment Act,2017.

e. ISIN Number is INE869Y01010.

f. Certificate of Enrollment dated 16/01/2018, under Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 bearing enrollment no.99553158766P

**IV. Approvals obtained in relation to business operations**

a. Our Company has obtained an Import Export Code bearing No. 0311015964 issued by the Foreign Trade Development Officer, Mumbai on June 14, 2011 and modified on June 01, 2020.

b. Our Company has obtained a Certificate of Compliance of Quality Standards ISO 9001:2015 bearing GACB5410 for its Quality Management Systems from the ACAS.

c. Our Company has obtained a Certificate of Compliance of Quality Standards ISO 14001:2015 bearing GACB5691 for its Quality Management Systems from the ACAS on 1st November, 2019 having validity till October 31st, 2022

d. Our Company has obtained a Certificate of Compliance of UL Safety Standards bearing No. 20130628-EX16250 for its products from the Director of North American Certification Programs on 13th August, 2020.

e. Our Company has obtained a Certificate of Compliance of UL Safety Standards bearing No. HLX.EX27325 for its products from the Director of North American Certification Programs on November 14, 2016.

f. Our Company has obtained Certificate of Compliance of FM Approved standards bearing No. 0003056409 for its products from the AVP, Manager-Fire Protection of FM Approvals on 15th June, 2020.

G. Our Company has obtained EOTA certification bearing no. ETA 20/0904 dated February 21, 2021 for its products Certification of Torque control expansion anchor made of galvanized steel or Sherardized steel size M8, M10, M12, M16, M20 and M24.

h. Our Company has obtained EOTA certification bearing no. ETA 20/0904 dated February 21, 2021 for its products Certification of Deformation controlled anchor made of galvanized steel of size M6, M8, M10, M12, M16, M20 for use in non-structural syatems.

i. Company has obtained Udhyog Aadhar Registration certificate bearing No.MH17A0015810 on Ministry of Micro, Small and Medium enterprises filed on 18/11/2017.

j. Company has obtained Authorized Economic operator T1 certificate by Ministry of Finance bearing No. INAAPCS4498C1F218 on 04/02/2021 and is valid till 03/02/2024.

k. Company has obtained factory license bearing No.119002599100S-8 under Factories Act, 2018 on 27/05/2020.

l. Company has obtained Udyam Registration certificate bearing No.MH-33-0053371 ON 21st January, 2021.

m. Company has obtained Registration Cum Membership Certificate bearing no WR/1539/2016-17 with the Federation of Indian Export Organization on 15/06/2020 and was valid till 31/03/2023.

n. Company has obtained renewal of registration of trade mark No 2268470 class 6 on 22/01/2022 for a period of 10 years from 18/01/2022.

## OTHER REGULATORY AND STATUTORY APPROVALS AUTHORITY FOR THE ISSUE

### AUTHORITY FOR THE ISSUE

The Issue has been authorised by a resolution of the Board of Directors passed at their meeting held on May 10, 2022 pursuant to Section 62(1) (a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013.

Our Rights Issue Committee in its meeting held on July 23, 2022 has approved the Draft Letter of Offer.

Our Rights Issue Committee in its meeting held on [•] has resolved to issue Equity Shares to the Eligible Equity Shareholders, at ₹ [•] per Equity Share, in the ratio of [•] Equity Shares for every [•] Equity Shares as held on the Record Date. The Issue Price of ₹ [•] per Equity Share has been arrived at, in consultation with the Lead Manager, prior to determination of the Record Date.

Our Company has received "In-Principle Approval" from NSE vide their letter dated [•] and [•] respectively in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue. Our Company will 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 291.

### ASSOCIATION OF OUR DIRECTORS WITH SECURITIES MARKET

None of our Directors are associated with the securities market.

### PROHIBITION BY SEBI

Our Company, Promoters, member of the Promoter Group, Directors and persons in control of our Company have not been prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court as on the date of this draft letter of offer.

The companies with which our Promoter or our Directors are associated as promoter or directors have not been debarred from accessing the capital market by SEBI.

Neither our Promoter nor our Directors have been declared as Fugitive Economic Offenders.

### ELIGIBILITY FOR THE ISSUE

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on SME platform of BSE Limited ("BSE SME"). Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B - Clause 2 of Schedule VI of the SEBI ICDR Regulations.

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges and has received their "In-Principle Approvals" for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE Limited is the Designated Stock Exchange for this Issue.

**Compliance with Clause (2) of Part B of Schedule VI of the SEBI ICDR Regulations**

As our Company satisfies the conditions specified in Clause (2) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this draft Letter of Offer are in terms of Part B-1 of Schedule VI of the SEBI ICDR Regulations.

**DISCLAIMER CLAUSE OF SEBI**

This draft letter of offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is not exceeding Rs. 50 crores.

**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 instance of the above-mentioned entities and that anyone placing reliance on any other source of information, including website of our Company or Lead Manager would be doing so at his or her own risk.

Investors will be required to confirm and will be deemed to have represented to our Company, 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 the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. 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 authorised 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.

**DISCLAIMER CLAUSE OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED**

As required, a copy of this draft letter of offer has been submitted to the [●]. The Disclaimer Clause as intimated by the [●] to us, post scrutiny of the Draft Letter of Offer is as follows:

"As required, a copy of this draft letter of offer has been submitted to [●] Limited (hereinafter referred to as [●]). [●] has given vide its letter Ref. No. [●] dated [●] permission to the Issuer to use the Exchange's name in this draft letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft 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 [●] should not in any way be deemed or construed that the letter of offer has been cleared or approved by [●]; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this draft 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."

**NO OFFER IN ANY JURISDICTION OUTSIDE INDIA**

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

For more detail, please refer "*Notice to Investor*" on page 11 of this draft letter of offer.

**FILING**

For details, please refer Section Titled "*General Information*" on page 44 of this draft letter of offer.

**LISTING**

The Designated Stock Exchange for the purposes of the Right Issue will be National Stock Exchange of India Limited. Our Company will apply to National Stock Exchange of India Limited and for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

**Investor Grievances and Redressal System**

Our Company has adequate arrangements for the redressal of investor complaints. Redressal norm for response time for all correspondence including shareholders complaints is within 15 (fifteen) days. Additionally, we have been registered with SCORES, as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Letters are filed category wise after being duly attended. A well-arranged correspondence system has been developed for letters of a routine nature.

Our Company has constituted Stakeholders Relationship Committee which currently comprises of Mrs. Smita Sanjay Patel (Chairman) Mr. Jasbir Singh Jaswant Singh Anand (Member), Mr. Jehan Darayus Variava (Member). Our Company provides easy access to information regarding our services and ensure timely disclosures of financial as well as non-financial material information. Grievances are resolved in a timely, efficient and fair manner, and processes are promptly initiated to prevent recurrence.

**GRIEVANCE REDRESSAL MECHANISM**

The Company has an established mechanism for investor services and grievance handling, with RTA and the Compliance Officer of the Company for this purpose, being important functional nodes.

Some of the key steps undertaken by the Company for handling Investor Grievances are enumerated as follows:

- Bigshare Services Private Limited (RTA) is entrusted with handling all share related matters.
- Investors can lodge a complaint by giving details of their name, folio no., DP ID / Client ID, nature and full particulars of their complaint directly to the Company at cs@sakethexim.com
- All the investor complaints/grievance received through SEBI by online "SEBI Complaints Redress System" (SCORES) are checked regularly and replied/resolved expeditiously.
- As required under Regulation 13 of the Listing Regulations, the Company files with the Stock Exchanges and places the statement of investor complaints at the Board meeting on a quarterly basis.

**STATUS OF OUTSTANDING INVESTOR COMPLAINTS**

As on the date of this draft letter of offer, there were no outstanding Investor complaints.

As mentioned, our Company is registered with the SCORES. Consequently, Investor grievances are tracked online by our Company. The average time taken by the Registrar to the Issue for attending to routine grievances will be within 30 (thirty) days from the date of receipt. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to the Issue to attend to them as expeditiously as possible. We undertake to resolve the investor grievances in a time bound manner.

**Investor Grievances arising out of the Issue**

Any investor grievances arising out of the Issue will be handled by the Registrar to the Issue. The agreement between the Company and the Registrar to the Issue provides for a period for which records shall be retained by the Registrar to the Issue in order to enable the Registrar to the Issue to redress grievances of Investors.

All grievances relating to the ASBA process 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 Folio No. / Demat Account No., name and address, contact telephone/ cell numbers, email id of the first Applicant, number of Rights Equity Shares applied for, serial number of Application Form, amount blocked (in case of ASBA process) or amount debited , the name of the bank/ SCSB and the branch where the Application Form was deposited, along with a photocopy of the acknowledgement slip (in case of ASBA process). In case of renunciation, the same details of the Renouncee should be furnished. For details on the ASBA process, please see the chapter titled "*Terms of the Issue*" on page 291.

Investors may contact the Compliance Officer at the below mentioned address and/ or Registrar to the Issue at the below mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice / share certificates / Demat credit / refund orders etc.

**Registrar to the Issue**
**Bigshare Services Private Limited.**
1st Floor, Bharat Tin Works Building,
pp. Vasant Oasis, Makwana Road,
Marol, Andheri (E), Mumbai-400059.
Investor Grievance ID: investor@bigshareonline.com
SEBI Registration No.: INR000001385

**Company Secretary and Compliance Officer**
Ms. Tasneem Husain Marfatia
Address: Plot No- PAP D- 146/ 147, TTC MIDC, Turbhe ,Navi Mumbai-400705
Email: cs@sakethexim.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 (https://www.bigshareonline.com//). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties is: - 022-62638200/22.

## 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 this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.*

*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.*

*This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the 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.*

### I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, 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 and who have made a request in this regard. 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.

Investors 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 laws) on the websites of:

- our Company at: - www.tembo.in ,
- the Registrar to the Issue at www.bigshareonline.com
- the Lead Managers at www.fedsec.in ;
- the Stock Exchanges at www.nseindia.com.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the issue at www.bigshareonline.com 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 at www.tembo.in

**Please note that neither our Company nor the Registrar nor the Lead Managers 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 has been 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 legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Equity Shares under the laws of any jurisdiction which apply to such person.

## II. 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. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the 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, refer "Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders" beginning on page 292 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in 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 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.

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details refer "Grounds for Technical Rejection" on pages 297. Our Company, the Lead Managers and the Registrar 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, refer "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" beginning on page 299.

**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.

**A. Procedure for application through ASBA Facility**

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

***Self-Certified Syndicate Banks***

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to *https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34*.

For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers, Lead Managers 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 necessary details are filled in the Application Form including the details of the ASBA Account.

b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be Allotted in the dematerialized form only.

c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

d) Ensure that there are sufficient funds (equal to {number of 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.

e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

f) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

**Dont's for Investors applying through ASBA:**

a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

c) Do not send your physical Application to the Lead Managers, 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.

d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

e) Do not submit Application Form using third party ASBA account

**B. Procedure for 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. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder. For further details, see '*Terms of the Issue – Credit of Rights Entitlement in dematerialized account of Eligible Equity Shareholders* 'on page 292.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.
*Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:*

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, 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.
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
3. The remaining procedure for Application shall be same as set out in "Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process" beginning on page 299.

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.

***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 finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the applicable Regulations and in the manner as set out in "*Basis of Allotment*" beginning on page 286.

**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 "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 299.

d. Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date. Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

e. Applications should not be submitted to the Banker(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 Managers.

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 Managers 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 Managers, 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 Managers 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 an 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 not matching with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to the Lead Manager, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors.

(n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(q) 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.

(r) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(s) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

**Multiple Applications**

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*Procedure for Applications by Mutual Funds*" on page 311.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected.

**C. 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 Managers. 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.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Tembo Global Industries 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. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders are deemed to have accepted the following:

*"I/ We understand that neither the Rights Entitlements nor the Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("Regulation S") to existing shareholders who are non-U.S. Persons and located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions and (ii) within the United States or to U.S. Persons that are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) ("U.S. QIB") pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, that are also "qualified purchasers" (as defined under the United States Investment Company Act of 1940, as amended) ("QPs") in reliance upon section 3(c)(7) of the U.S. Investment Company Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and a non-U.S. Person and eligible to subscribe for the 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 Managers 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 Managers or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

*I/ We will not offer, sell or otherwise transfer any of the 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 Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.*

*I/ We understand and agree that the Rights Entitlements and Equity Shares may not be reoffered, resold, pledged or otherwise except in an offshore transaction in accordance with Regulation S to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the Stock Exchanges).*

*I/ We acknowledge that we, the Lead Managers, 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 Managers 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.bigshareonline.com

Our Company, the Lead Managers 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.

**D. Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders:**

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.bigshareonline.com) 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.tembo.in ).

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

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 INE[●]. 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. www.bigshareonline.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

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.

**E. Renunciation & Trading of the Rights Entitlements 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 Exchange 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 Managers 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 Exchange under ISIN INE[●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock 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 INE[●] 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 stock exchanges 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 INE[●], 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.

***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.***

**Basis for this Issue**

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in the dematerialized form and on the register of members of our Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. [●].

**Terms of Payment**

Full amount of ₹ [●] per Equity Share (including premium of ₹ [●] per Equity Share) shall be payable on Application.

**Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] 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 Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds [●] Equity Shares, such Equity Shareholder will be entitled to [●] Rights Equity Shares and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her/ their Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

**Ranking**

The 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 Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received In-Principle approval from National Stock Exchange of India Limited through letter bearing reference number [●] dated [●] respectively. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on and National Stock Exchange of India Limited (Symbol: TEMBO) under the ISIN: INE869Y01010. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the 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 Promoters and members of the Promoter**

Pursuant to the letter dated June 11, 2022, our Promoter and Promoter group, has undertaken that they will

a. *they would subscribe, jointly and / or severally only to the extent of upto ₹ 500.00 Lakhs;*
b. *they would not subscribe to the 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 in accordance with Regulation 10(4)(b) and other applicable provisions of the SEBI Takeover Regulations; and*
c. *they may renounce their rights entitlement*

The aforementioned subscription of Rights Equity Shares and Additional Equity Shares, if any by our Promoter shall not result in a change of control of the management of our Company and shall not result in an obligation on our Promoter to make an open offer to the public shareholders of our Company in terms of the SEBI Takeover Regulations. Further, as on the date of this Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable laws, pursuant to this Issue.

Since the Promoters and other members of the Promoter Group would not participate in this Issue, Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations is not applicable.

The Promoter and other members of the Promoter Group would not be participating in the Rights Issue and accordingly, the holdings of the Promoter and other members of the Promoter Group will be within the minimum public shareholding requirements prescribed under applicable law.

**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.

**General Terms of the Issue**

**Market Lot**

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share. Further, the Rights Equity Shares shall be allotted only in dematerialised form.

**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 of Rights Equity Shares shall be in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participants ("DPs") of the Eligible Equity Shareholders (Investors) would prevail. Any Eligible Equity Shareholders (Investor) holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its respective Depository Participant.**

**Arrangements for Disposal of Odd Lots**

The Rights Equity Shares will be traded in dematerialised form only and therefore the marketable lot is one Rights 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. However, the Letter of offer, Abridged Letter of Offer, Application Form and other applicable Issue materials will be made available on the websites of the Company, registrar to the issue, stock exchanges and the lead manager to the issue. Further, best efforts will be made to reach out the Eligible Equity Shareholders who have not registered their e-mail id with our Company including but not limited to sending SMS or audio-visual advertisement on television or digital advertisement, etc.

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 Marathi language daily newspaper with wide circulation (Marathi being the regional language of Mumbai, where our Registered 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 Rights Equity Shares to non-resident Equity Shareholders including additional Rights Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at rightsissue@bigshareonline.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Managers 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 to the email address of non-resident Eligible Equity Shareholders 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 Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which 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 Managers.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to

apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

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 the office of the registrar to the issue.

**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, REFER "*ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS*" ON PAGE 315.**

**ISSUE SCHEDULE**

| | |
|---|---|
| **Issue Opening Date** | **[●]** |
| **Last date for on-market renunciation of rights / Date of closure of trading of Rights Entitlement#** | **[●]** |
| **Issue Closing Date*** | **[●]** |
| **Finalising the basis of allotment with the Designated Stock Exchange (on or about)** | **[●]** |
| **Date of Allotment (on or about)** | **[●]** |
| **Date of credit (on or about)** | **[●]** |
| **Date of listing (on or about** | **[●]** |

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

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

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., [●].

**PROCEDURE FOR APPLICATION**

**How to Apply**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use either the ASBA process or the optional mechanism instituted only for resident Investors in this Issue. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA or the optional mechanism.**

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date i.e. [●], refer *"Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form"* on page 295.

**Application Form**

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through email-to-email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdiction.

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders by other means if feasible in the current COVID-19 situation. However, our Company, Lead Manager and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Issue Materials and the Application Form. However, the Letter of offer Abridged Letter of Offer, Application Form and other applicable Issue materials will be made available on the websites of the Company, registrar to the issue, stock exchanges and the lead manager to the issue. Further, best efforts will be made to reach out the Eligible Equity Shareholders who have not registered their e-mail id with our Company including but not limited to sending SMS or audio-visual advertisement on television or digital advertisement, etc.

**Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for 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 email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at www.bigshareonline.com by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (www.tembo.in).

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date i.e. [●] and applying in this Issue, as applicable.

In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that Applications made with payment using third party bank accounts are liable to be rejected.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein, 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.

**Please note that Applications without depository account details shall be treated as incomplete and shall be rejected.**

**Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details refer *"Grounds for Technical Rejection"* on page 195 of this Draft Letter of Offer. Our Company, the Lead Manager, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, refer *"Application on Plain Paper under ASBA process"* on page 299 of this Draft Letter of Offer.

**Applications by Overseas Corporate Bodies**

By virtue of the Circular No. 14 dated September 16, 2003, issued by the RBI, Overseas Corporate Bodies ("OCBs"), have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to OCBs) Regulations, 2003.

Accordingly, the existing Eligible Equity Shareholders of our Company who do not wish to subscribe to the Rights Equity Shares being offered but wish to renounce the same in favour of Renouncee shall not be able to renounce the same (whether for consideration or otherwise), in favour of OCB(s). The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003, that OCBs which are incorporated and are not and were not at any time subject to any adverse notice from the RBI, are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000, under the foreign direct investment scheme with the prior approval of Government of India if the investment is through the government approval route and with the prior approval of RBI if the investment is through automatic route on case by case basis. Eligible Equity Shareholders renouncing their rights in favour of such OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such RBI approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the Application Form.

**Investment / Procedure for applications by FPIs**

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore

derivative instruments are issued after compliance with 'know your client' norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

a. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

b. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

**Investment by Systemically Important Non-Banking Financial Companies (NBFC – SI)**

In case of an application made by Systemically Important NBFCs registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45 – IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

**Investment by AIFs, FVCIs, VCFs and FDI Route**

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals

**Applications by mutual funds**

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the Board and that such applications shall not be treated as multiple applications. The application made by an asset management company or by custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is being made.

**Procedure for Applications by non-resident Indians (NRIs)**

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

**Payment by stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

**Last Date for Application**

The last date for submission of the duly filled in Application Form is the Issue Closing Date i.e., [●]. 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 provisions of the Articles of Association, and subject to the Issue Period not exceeding 30 days from the Issue Opening Date i.e. [●].

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in 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 provided under the section, "*Basis of Allotment*" on page 314 of this Draft Letter of Offer.

Please note that on the Issue Closing Date, applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

**Withdrawal of Application**

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period (before Issue Closing) by approaching the SCSB where application is submitted. However, no Investor, whether applying through ASBA facility, may withdraw their Application post the Issue Closing Date**.**

**Disposal of Application and Application Money**

**No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form 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. 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 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

**Modes of Payment**

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the 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 subject to necessary confirmation from the regulatory authority and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

*For Resident Investors*

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

*For Non-Resident Investors*

As regards Applications by Non-Resident Investors, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company or the Lead Manager.

  *Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case, who make a request in this regard. Non-Resident Investors shall send their Right Entitlement credit request with ID proof to the Registrar to the Issue at Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, India.*

- Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.
- Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.
- Eligible Non-Resident Equity Shareholders applying on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts, and Eligible Non-Resident Equity Shareholders applying on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non- Resident Ordinary ("NRO") accounts for the full amount payable, at the time of the submission of the Application Form to the SCSB. Applications received from NRIs and non-residents for allotment of the Rights Equity Shares shall be inter alia, subject to the conditions imposed from time to time by the RBI under the FEMA in the matter of refund of Application Money, allotment of Rights Equity Shares and issue of letter of allotment. If an NR or NRI Investors has specific approval from RBI, in connection with his shareholding, he should enclose a copy of such approval with the Application Form.

**PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE I.E. [●] AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.**

**Basis of Allotment**

Subject to the provisions contained in the Draft Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, the Articles of Association of our Company and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Designated Branches or Controlling branches, a list of the ASBA Investors who have been Allotted Rights Equity Shares in the Issue, along with:

(a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA 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.

**Allotment Advices/Refund Orders/Unblocking of ASBA Accounts**

Our Company will send/ dispatch Allotment advice, refund instructions/intimations (including in respect of Applications made through the optional facility) or demat credit of securities and/or letters of regret, along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company 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 15 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 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.

In case of those investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, and the Allotment advice regarding their credit of the Rights Equity Shares shall be sent at the address recorded with the Depository. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 4 days of the Issue Closing Date i.e. [●].

The letter of allotment or refund order would be sent by registered post or speed post to the sole/ first Investor's address provided by the Eligible Equity Shareholders to our Company. Such refund orders would be payable at par at all places where the Applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favor of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

**Payment of Refund**

***Mode of making refunds***

In case of Applicants not eligible to make an application through ASBA process, the payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes:

1. Unblocking amounts blocked using ASBA facility.
2. **National Automated Clearing House ("NACH")** – NACH 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 centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the Depositories), except where the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.
3. **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, such MICR number and the bank account number 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.
4. **Direct Credit -** Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for such refund would be borne by our Company.
5. **RTGS** – If the refund amount exceeds ₹ 200,000 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 such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
6. For all other Investors, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
7. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and are permitted by SEBI from time to time.

***Refund payment to Non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

***Printing of Bank Particulars on Refund Orders***

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders or refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

***Allotment advice or Demat Credit***

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 with NSDL and an agreement 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 OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALISED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the electronic form is as under:

- 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 each such holding. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
- 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.
- 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.
- If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
- The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
- Non-transferable allotment advice/ refund orders will be sent directly to the Investors by the Registrar to the Issue.

- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in "*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on pages 295.

**Impersonation**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*"Any person who:*

*i. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*ii. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*iii. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to ten (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 up to three (3) times of such amount. Where such fraud (i) involves an amount which is less than ₹ 10 lakhs or 1% of the turnover of the Company, whichever is lower, and (ii) does not involve public interest, then such fraud is punishable with imprisonment for a term extending up to five years or fine of an amount extending up to ₹ 50 lakhs or with both.

**Minimum subscription**

This Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is not exceeding Rs. 5,000.00 Lakhs.

In accordance with proviso to Regulation 86 of SEBI ICDR Regulations amended vide SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. September 28, 2020 the minimum subscription criteria is not applicable to this issue if:

1. object of the issue involves financing other than financing of capital expenditure for a project; and
2. the promoters and the promoter group of the issuer undertake to subscribe fully to their portion of rights entitlement and do not renounce their rights except to the extent of renunciation within the promoter group.

Since, the proposed Rights Issue is for an amount less than ₹ 5000 Lakhs minimum subscription criteria provided in regulation 86(1)(b) of the SEBI ICDR Regulations read with Regulation 60 is not applicable also the object of the issue does not involve financing other than financing of capital expenditure for a project. Accordingly, the Rights Issue size would stand reduced to the extent of undersubscription, if any of the Rights Entitlement.

**Utilization of Issue Proceeds**

Our Board of Directors/ Rights issue Committee members declares that:

A. All monies received out of issue of shares or specified securities to the public shall be transferred to a separate bank account.

B. Details of all monies utilised out of the issue referred to in clause (A) shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had been utilised; and

C. Details of all unutilised monies out of this issue referred to in clause (A) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

**Undertaking**

Our Company undertakes the following:

i. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

ii. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Equity Shares are to be listed will be taken within the time prescribed by the SEBI.

iii. The funds required for making refunds/unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

iv. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

v. In case of refund/unblocking of the application money/amount for unsuccessful applicants or part of the application money / amount in case of proportionate allotment, a suitable communication shall be sent to the applicants.

vi. Adequate arrangements shall be made to collect all ASBA Applications.

vii. Our Company shall comply with all disclosure and accounting norms specified by the SEBI from time to time.

viii. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

**Investor Grievances, Communication & 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 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 "TEMBO GLOBAL INDUSTRIES LIMITED – Rights Issue" on the envelope and postmarked in India or in the email) to the Registrar at the following Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East) Mumbai - 400093, India.

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will

be available on the website of the Registrar https://www.bigshareonline.com//. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is https://www.bigshareonline.com//.

The Investors can visit links www.bigshareonline.com or www.tembo.in for the below-mentioned purposes:

a. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors.
b. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company.
c. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form.
d. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders.

This Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("FDI") and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) ("DPIIT"), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("FDI Circular 2020"), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. 366

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non- resident shareholding is within the sectorial limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue.

The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain

such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers 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 Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## 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 this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, may be inspected at the registered office of the Company between 10 a.m., and 5 p.m., on all working days from the date of the Letter of Offer until the Issue Closing Date and Additionally, any person intending to inspect the abovementioned contracts and documents electronically, may do so, by writing an email to cs@sakethexim.com.

**A) Material contracts for the Issue**

1. Issue Agreement dated July 19, 2022 between our Company and the Lead Manager.
2. Registrar Agreement dated July 19, 2022 between our Company and Registrar to the Issue.
3. Bankers to the Issue Agreement dated [●] amongst our Company, the Lead Manager, Banker(s) to the Issue and the Registrar to the Issue.

**B) Material documents for the Issue**

1. Certified true copy of Certificate of Incorporation, the Memorandum of Association and Articles of Association of our Company, as amended.
2. Resolutions of the Board of Directors dated May 10, 2022 in relation to the Issue and other related matters.
3. Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio.
4. The Audited Consolidated and Standalone Financial Statements for year ended March 31, 2021, March 31, 2020 and March 31, 2019 and the Audited Consolidated and Standalone Financial Results for year ended March 31, 2022. Restated financial statements for year ended March 31, 2021, March 31, 2020 and March 31, 2019 shall be disclosed in Letter of Offer.
5. Consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Statutory Auditor, Lead Manager, Legal Advisor to the Issue, the Registrar to the Issue, Bankers to our Company, and Banker to the Issue to include their names in this Draft Letter of Offer and to act in their respective capacities.
6. The Report dated July 18, 2022 from the Statutory Auditors of our Company, confirming the Statement of Special Tax Benefits available to our Company and its Shareholders as disclosed in this Draft Letter of Offer.
7. Prospectus dated July 23, 2018 of the Initial Public Offer.
8. Annual Reports of our Company for Fiscal 2021, 2020, 2019, 2018 and 2017.
9. In-principle listing approvals dated [●] issued by National Stock Exchange of India Limited under Regulation 28(1) of the SEBI Listing Regulations.
10. Due diligence certificate shall be submitted to SEBI by Lead Manager to the Issue.
11. Tripartite agreement amongst our Company, Central Depository Services (India) Limited and Registrar to the Issue

12. Tripartite agreement amongst our Company, National Securities Depository Limited and Registrar to the Issue.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the 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 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.

| | |
|---|---|
| **JEHAN DARAYUS VARIAVA**<br>(Chairman & Independent Director)<br>DIN: 07825744 | **SANJAY JASHBHAI PATEL**<br>(Managing Director)<br>DIN: 01958033 |
| **JASBIR SINGH JASWANT SINGH ANAND**<br>(Independent Director)<br>DIN: 08017248 | **FATEMA SHABHIR KACHWALA**<br>(Wholetime Director)<br>DIN: 06982324 |
| **SMITA SANJAY PATEL**<br>Non- Executive Director<br>DIN: 00348305 | **SHALIN SANJAY PATEL.**<br>Executive DirectorDIN: 08579598 |
| **MS. TASNEEM HUSAIN MARFATI**<br>(Company Secretary and Compliance Officer) | **Mr. SHABBIR HUSENI MERCHANT**<br>(Chief Financial Officer) |

Place: Navi Mumabi
Date: July 23, 2022