



A F ENTERPRISES LIMITED

(CIN- L18100DL1983PLC016354)

Our Company was originally incorporated as A F Investment Private Limited" a private limited company vide a certificate of incorporation dated August 18, 1983, issued by the Registrar of Companies, NCT of Delhi & Haryana, under the provisions of the Companies Act, 1956. Subsequently, our Company was converted into a public limited company, following which the name was changed to "AF Investment Limited" and a fresh certificate of incorporation was issued on November 24, 1983 by the Registrar of Companies, Delhi & Haryana. Subsequently, the name of our Company was changed to "A F Enterprises Limited" and a fresh certificate of incorporation consequent on change of name dated May 14, 1991, was issued by, the Registrar of Companies, Delhi & Haryana. For further details in relation to our Company, please refer to the section titled "General Information" beginning on page 53 of this Draft Letter of offer.

Registered Office: DSM-334, DLF Towers Shivaji Marg, Delhi Central Delhi DL 110015
Corporate Office cum Factory: Plot No. 8, Sector-5, Main Mathura Road, Ballabgarh Faridabad, Haryana-121006
Tel: +91-7428399452; 1800 120 001 199

Email: cs@ridh.in; Info.afenterprises@gmail.com **Website:** www.afenterprisesltd.in; www.ridh.in

Contact Person: Ms. Payal Sachdeva, Company Secretary & Compliance Officer

PROMOTER OF OUR COMPANY: M/S. RMS MOSQUITO PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF A F ENTERPRISES LIMITED

NEITHER OUR COMPANY, OUR PROMOTERS NOR OUR DIRECTORS HAVE BEEN DECLARED AS A WILFUL DEFAULTER OR FRAUDULENT BORROWER BY THE RBI OR ANY OTHER GOVERNMENT AUTHORITY

THE ISSUE

ISSUE OF UPTO [●] EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") OF A F ENTERPRISES LIMITED ("AFL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (INCLUDING PREMIUM OF RS. [●] PER EQUITY SHARE) ("ISSUE PRICE") FOR AN AGGREGATE AMOUNT NOT EXCEEDING RS. 4,000.00 LAKHS TO THE ELIGIBLE EQUITY SHAREHOLDERS ON RIGHTS BASIS IN THE RATIO OF [●] ([●]) EQUITY SHARES FOR EVERY [●] ([●]) EQUITY SHARE HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, I.E. [●] (THE "ISSUE"). THE ISSUE PRICE IS [●] TIME OF FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE SEE THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 128 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISK

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 with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors shall rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer.

Specific attention of the investors is invited to "Risk Factors" beginning on page 25 of this Draft Letter of Offer before making an investment in this Issue.

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

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

ADVISOR TO THE ISSUE



NAVIGANT CORPORATE ADVISORS LIMITED
423, A Wing,
Bonanza, Sahar Plaza Complex,
J B Nagar, Andheri Kurla Road, Andheri East,
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Tel No. +91-22-41204837
Email Id navigant@navigantcorp.com
Investor Grievance Email: info@navigantcorp.com
Website: www.navigantcorp.com
SEBI Registration Number: INM000012243
Contact Person: Mr. Sarthak Vijlani

REGISTRAR TO THE ISSUE



SKYLINE FINANCIAL SERVICES PRIVATE LIMITED
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Okhla Industrial Area, Phase – I,
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Tel.: +91 011-26812682, 83, 011-64732681 to 88
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Web: www.skylinerta.com
Email: admin@skylinerta.com
SEBI Registration No: INR000003241
Contact Person: Mr. Virender Rana

ISSUE PROGRAMME

| ISSUE OPENS ON | LAST DATE OF MARKET RENONCIATIONS* | 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 Rights Issue Committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

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

References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Letter of Offer but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, 2013, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in "Statement of Special Tax Benefits" and "Financial Statements" beginning on pages 68 and 103, respectively of this Draft Letter of Offer, shall have the meaning given to such terms in such sections.

Company Related Terms

| Terms | Description |
|--|---|
| "A F Enterprises-Limited" or "the Company" or "our Company" or "we" or "us" or "our" or "the Issuer" | A F Enterprises Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its Registered Office at DSM-334, DLF Towers Shivaji Marg, Delhi Central Delhi DL 110015 & Corp office at Plot No.8, Sector-5, Main Mathura Road, Faridabad, Haryana-121006 |
| Articles of Association | The Articles of Association of our Company as amended from time to time. |
| Auditors / Statutory Auditors | The Statutory Auditors of our Company being M/s. V N Purohit & Co., Chartered Accountants. |
| Board / Board of Directors / our Board | The Board of Directors of our Company or a duly constituted committee thereof, as the context may refer to. |
| Director(s) | Any or all the director(s) of our Board, as may be appointed from time to time. |
| Equity Shares / Shares | Equity Shares of face value of Rs. 10 each of our Company. |
| Key Managerial Personnel / KMP | Mr. Santosh Kumar Kushawaha, Managing Director, Mr. Abhishek Singh, Whole Time Director & Chief Financial Officer and Ms. Payal Sachdeva, Company Secretary and Compliance Officer, collectively referred as Key Managerial Personnel of the Company. |
| Memorandum of Association | The Memorandum of Association of our Company, as amended from time to time. |
| Promoter | RMS Mosquito Private Limited |
| Promoter Group | Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and as disclosed by our Company in the filings made with the Stock Exchange under the SEBI Listing Regulations. |
| Registered Office | Registered office of our Company situated at Registered Office at DSM-334, DLF Towers Shivaji Marg, Delhi Central Delhi DL 110015 |

| Terms | Description |
|--|---|
| Registrar of Companies / ROC | Registrar of Companies, Delhi at 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi - 110019 |
| Subsidiary / Subsidiary Company / our Subsidiary | Our Company has one Subsidiary Company as on this date of filing of this Draft Letter of Offer namely, Aunik IT Solutions Pvt. Ltd. |

Issue Related Terms

| Term | Description |
|--|--|
| Abridged Letter of Offer or ALOF | The Abridged letter of offer to be sent to the Eligible Equity Shareholders as on the Record Date with respect to the Issue in accordance with the SEBI ICDR Regulations and the Companies Act. |
| Additional Rights Equity Shares / Additional Equity Shares | The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement. |
| Allotment / Allot / Allotted / Allotment of Rights Equity Shares | The 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 the Investors, who have been or are to be allotted the Rights Equity Shares after the basis of Allotment has been approved by the BSE. |
| Allotment Date | The date on which Allotment is made. |
| Allottee(s) | Persons to whom Rights Equity Shares of our Company are allotted pursuant to this Issue. |
| Applicant(s) / Investors | Eligible Shareholder(s) and/or Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer. |
| Application | Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price. |
| Application Form | Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue. |
| Application Money | Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price. |

| Term | Description |
|--|---|
| Application Supported by Blocked Amount/ASBA | The application (whether physical or electronic) used by Investors to make an application authorizing the SCSB to block the amount payable on application in their specified bank account maintained with SCSB. |
| ASBA Account | An account maintained with an SCSB and specified in the CAF or plain paper application, as the case may be by the Applicant for blocking the amount mentioned in the CAF or in 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 bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022. |
| Bankers to the Company | Kotak Mahindra Bank Limited and RBL Bank Ltd. |
| Bankers to the Issue / Escrow Collection Bank | [●] |
| Banker to the Issue Agreement | Agreement dated [●] entered into by and amongst our Company, the Registrar to the Issue and the Bankers to the Issue for collection of the Application Money from Applicants/ Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof. |
| Basis of Allotment | The basis on which the 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 128 of this Draft Letter of Offer. |
| CAF / Common Application Form | The application form used by Investors to make an application for Allotment under the Issue |
| Controlling Branches / Controlling Branches of the SCSBs | Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchange, a list of which is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 |
| Designated Branches | Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 |
| Designated Stock Exchange | BSE Limited |
| Depository | A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 2018, as amended from time to time, read with the Depositories Act, 2018. |
| Draft Letter of Offer / DLOF | This draft letter of offer dated 29 th December, 2022 |
| ECS | Electronic Clearing Service |
| Equity Shareholder(s)/ Shareholder(s) | The holders of Equity Shares of our Company. |
| Eligible Equity Shareholders / Eligible Shareholders/ | Holders of Equity Shares of our Company as on the Record Date, i.e. [●]. |

| Term | Description |
|---|--|
| 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. |
| "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, [●] |
| Fraudulent Borrower | A fraudulent borrower, as defined under the SEBI ICDR Regulations |
| General Corporate Purposes | General corporate purposes shall have the meaning as determined in Regulation 2(1)(r) of the SEBI ICDR Regulations. |
| GIR | General Index Registrar |
| IEPF | Investor Education and Protection Fund |
| Investor(s) | The Equity Shareholders of our Company on the Record Date i.e. [●] and the Renouncee(s). |
| ISIN | International Securities Identification Number |
| Issue / the Issue / this Issue / Rights Issue | Issue of upto fully paid up [●] Equity Shares with a face value of Rs. 10 each for cash at a price of Rs. [●] per Equity Share aggregating up to Rs. 4,000.00 Lakhs on a rights basis to Eligible Shareholders in the ratio of [●] ([●]) Rights Equity Shares for every [●] ([●]) fully paid-up Equity Share held on the Record Date i.e. [●]. |
| Issue Closing Date | [●] |
| Issue Opening Date | [●] |
| Issue Price | Rs. [●] per Equity Share |
| Issue Proceeds | The gross proceeds raised through the Issue |
| Issue Size | The issue of upto fully paid up [●] Rights Equity Shares for an amount aggregating up to Rs. 4,000.00 Lakhs. |
| Letter of Offer / LOF | The final letter of offer to be issued by our Company in connection with the Issue. |
| Listing Agreement | Uniform listing agreement entered into under the Listing Regulations between our Company and the Stock Exchange. |
| MICR | Magnetic Ink Character Recognition |
| 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. |
| NAV | Net Asset Value calculated as Net Worth divided by number of fully paid-up Equity Shares. |
| Net Proceeds | The Issue Proceeds less the Issue related expenses. For further details, please refer to the chapter titled "Objects of the Issue" beginning on page 62 of this Draft Letter of Offer. |
| Net Worth | Net worth as defined under Section 2(57) of the Companies Act. |
| Non Institutional Investor(s) | Investor, including any company or body corporate, other than a Retail Individual Investor and a QIB. |

| Term | Description |
|---|---|
| Offer Document | The Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer including any notices, corrigenda thereto. |
| Off Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws. |
| On Market Renunciation | The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before [●] |
| QIBs / Qualified Institutional Buyers | Qualified Institutional Buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. |
| Record Date | A record date fixed by our Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Rights Equity Shares i.e. [●]. |
| Registered Foreign Portfolio Investors / Foreign Portfolio Investors / Registered FPIs / FPIs | Foreign portfolio investors as defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014. |
| Registrar to the Issue / Registrar and Transfer Agent / RTA | M/s Skyline Financial Services Pvt. Ltd. |
| Registrar Agreement | Agreement dated 27 th December, 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) | Person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders. |
| Renunciation Period | The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●] in case of 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. |
| Retail Individual Investor(s) | Individual Investors who have applied for Rights Equity Shares for an amount less than or equal to Rs. 200,000 (including HUFs applying through their karta). |
| Rights Entitlements (Res) | The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date. |
| RE-ISIN | The RE-ISIN for Rights Entitlement of full paid-up shares being [●]. |

| Term | Description |
|---------------------------------------|--|
| Rights Equity Shares / Rights Shares | The equity shares of face value Rs. 10 each of our Company offered and to be issued and allotted pursuant to the Issue. |
| Rights Entitlement Letter | Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through on the website of our Company. |
| Self-Certified Syndicate Bank / SCSBs | The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer the facility of ASBA, including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 |
| Stock Exchange/ Stock Exchange(s) | BSE where the Equity Shares of our Company are presently listed being BSE. |
| 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. |
| Willful Defaulter | Willful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations. |
| Working Days | 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 Equity Shares on the Stock Exchange, working day means all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI. |

Business and Industry related Terms / Abbreviations

| Term | Description |
|-------------|-----------------------------------|
| ABS | acrylonitrile-butadiene-styrene |
| ASA | acrylate-styrene-acrylonitrile |
| ATH | aluminium trihydrate |
| BDS | butadiene-styrene block copolymer |
| BMC | bulk moulding compound |
| BOPP | biaxially oriented polypropylene |
| BR | butadiene rubber |
| CA | cellulose acetate |
| CAB | cellulose acetate-butyrate |
| CAP | cellulose acetate propionate |
| CE | cellulose |
| CMC | carboxymethyl cellulose |

| Term | Description |
|-----------|---|
| CN | cellulose nitrate |
| CP | cellulose propionate |
| CSM | chopped strand mat (or) chlorosulphonated polyethylene (rubber) |
| DMC | dough moulding compound |
| ECTFE | ethylene chlorotrifluoro ethylene copolymer |
| EPDM | ethylene-propylene-diene monomer (elastomer) |
| EPM | ethylene-propylene rubber = EPR |
| EPR | ethylene-propylene rubber = EPM |
| EPS | expanded polystyrene |
| EVA | ethylene vinyl acetate |
| EVOH | ethylene vinyle achol |
| FEP | fluorinated ethylene-propylene |
| FRP | fibre reinforced polyester/plastics |
| GMT | glass mat thermoplastic |
| GPPS | general purpose polystyrene |
| GRP | glass reinforced plastic |
| HDPE | high density polyethylene |
| HEMA | hydroxyethyl methacrylate polymer |
| HIPS | high impact polystyrene = TPS |
| LCP | liquid crystal polymer = SRP |
| LDPE | low density polyethylene |
| LLDPE | linear low density polyethylene |
| MBS | methacrylate-butadiene-styrene terpolymer |
| MDPE | medium density polyethylene |
| MF | melamine formaldehyde |
| NBR | nitrile rubber = acrylonitrile butadiene rubber |
| NR | natural rubber |
| OPP | oriented polypropylene |
| PA | polyamide = nylon |
| PA 11 | nylon 11 |
| PA 12 | nylon 12 |
| PA 46 | nylon 46 |
| PA 6 | nylon 6 |
| PA 610 | nylon 610 |
| PA 66 | nylon 66 |
| PA 66/610 | nylon 66/610 copolymer |
| PAA | polaryl amide |
| PAI | polyamide imide |
| PAN | polyacrylonitrile |
| PB | polybutylene |
| PBT | polybutylene terephthalate = PTMT |
| PC | polycarbonate |
| PE | polyethylene |
| PEBA | polyether block amide |
| PEEK | polyetheretherketone |

| Term | Description |
|------|---|
| PEEL | polyester elastomer |
| PEI | polyester imide |
| PEK | polyetherketone |
| PES | polyether sulphone |
| PETG | PET copolymer |
| PETP | polyethylene terephthalate |
| PF | phenol formaldehyde |
| PFA | perfluoro alkoxy alkane |
| PHB | polyhydroxybutyrate |
| PI | polyimide |
| PIR | polyisocyanurate rigid (foam) |
| PMMA | polymethyl methacrylate |
| PMP | polymethyl pentene |
| POM | polyoxymethylene |
| PP | polypropylene |
| PPE | polyphenylene ether |
| PPO | polyphenylene oxide |
| PPS | polyphenylene sulphide |
| PPSS | polyphenylene sulphide sulphone |
| PS | polystyrene |
| PSU | polysulphone |
| PTFE | polytetrafluoroethylene |
| PTMT | polytetramethylene terephthalate = PBT |
| PUR | polyurethane |
| PVA | polyvinyl acetate |
| PVB | polyvinyl butyral (butyrate) |
| PVC | polyvinyl chloride |
| PVCC | chlorinated polyvinyl chloride |
| PVCP | polyvinyl chloride plasticised |
| PVCU | polyvinyl chloride unplasticised |
| PVDC | polyvinylidene chloride |
| PVDF | polyvinylidene fluoride |
| PVF | polyvinyl fluoride |
| PVOH | polyvinyl alcohol |
| SAN | styrene acrylonitrile (copolymer) |
| SBR | styrene butadiene rubber |
| SBS | styrene-butadiene-styrene (block copolymer) |
| SEBS | styrene-ethylene-butadiene-styrene |
| SIS | styrene-isoprene-styrene |
| SMA | styrene maleic anhydride |
| SMC | sheet moulding compound |
| SRP | self reinforcing polymer = LCP |
| TPE | thermoplastic elastomer |
| TPO | thermoplastic olefin (rubber) |
| TPR | thermoplastic rubber |
| TPS | toughened polystyrene = HIPS |
| TPU | thermoplastic polyurethane (rubber) = TPUR |

| Term | Description |
|--------|---|
| TPUR | thermoplastic polyurethane (rubber) = TPU |
| TPX* | polymethyl pentene copolymer |
| UF | urea formaldehyde |
| UHMWPE | ultra high molecular weight PE |
| VC | vinyl chloride = VCM |
| VCM | vinyl chloride monomer = VC |
| XLPE | cross-linked polyethylene |

Conventional and General Terms or Abbreviations

| Term | Description |
|--------------------------------|--|
| “~” / “Rs.” / “Rupees” / “INR” | Indian Rupees |
| A/c | Account |
| AGM | Annual General Meeting |
| AIF(s) | Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations |
| AY | Assessment Year |
| BIFR | Board for Industrial and Financial Reconstruction |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| CARO | Companies (Auditor’s Report) Order, 2020 |
| CBIC | Central Board of Indirect Taxes and Customs |
| CDSL | Central Depository Services (India) Limited |
| Central Government | The Central Government of India |
| CFO | Chief Financial Officer |
| CIN | Corporate Identity Number |
| Companies Act | Companies Act, 2013, as amended from time to time |
| Companies Act, 1956 | Companies Act, 1956 and the rules made thereunder, as the context requires |
| Companies Act, 2013 | Companies Act, 2013 and the rules made thereunder |
| COVID-19 / Novel Coronavirus | 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 |
| CTS | Cheque Truncation System |
| Depositories Act | The Depositories Act, 2018 as amended from time to time |
| DIN | Director Identification Number |
| DP | Depository Participant as defined under the Depositories Act |
| DP ID | Depository Participant’s Identity |
| EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation |
| EPS | Earnings per Share |
| EGM | Extraordinary General Meeting |
| FCNR Account / FCNR | Foreign Currency Non Resident Account |
| FBIL | Financial Benchmarks India Private Limited |
| FDI | Foreign Direct Investment |

| Term | Description |
|--|---|
| FEMA Act / FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations promulgated there under and any amendments thereto. |
| FEMA Regulations | Foreign Exchange Management (Transfer or Issue of Security by Person Resident Outside India) Regulations, 2017 as amended from time to time |
| FEMA Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| Fiscal /Fiscal Year/ Financial Year/FY | 12 month period commencing from April 1 and ending on March 31 of the immediately succeeding year. |
| Fugitive Economic Offender | An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 |
| FPI | Foreign Portfolio Investor |
| FVCIs | Foreign venture capital investors as defined in and registered with SEBI under the SEBI FVCI Regulations. |
| GCP | General Corporate Purpose |
| Government/GoI | Government of India |
| GST | Goods and Service Tax |
| HFC | Housing finance companies |
| HUF | Hindu Undivided Family |
| IBC | Insolvency and Bankruptcy Code, 2016 |
| ICAI | Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Ind AS | Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended. |
| Indian GAAP | Generally accepted accounting principles followed in India. |
| Insider Trading Regulations | SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time |
| ISIN | International Securities Identification Number |
| I.T. Act / IT Act | Income Tax Act, 1961 |
| I. T. Rules | Income Tax Rules, 1962, as amended from time to time. |
| KMP | Key Managerial Personnel |
| Lakh | One hundred thousand |
| MCA | Ministry of Corporate Affairs, Government of India |
| Mutual Fund | Mutual fund registered with SEBI under the Securities and Exchange Board of (Mutual Funds) Regulations, 1996 |
| NACH | National Automated Clearing House which is a consolidated system of ECS. |
| NBFC | Non-banking financial companies |
| NCD (s) | Non-convertible debentures |
| Net Worth | Aggregate of Equity Share capital and other equity |
| NCLT | National Company Law Tribunal |
| NCLAT | National Company Law Appellate Tribunal |
| NEFT | National Electronic Fund Transfer |
| N.A. | Not Applicable |

| Term | Description |
|---|--|
| NI Act | The Negotiable Instruments Act, 1881 |
| NR | Non Resident |
| NRE | Non Resident External Account |
| NRI | Non Resident Indian |
| NSDL | National Securities Depositories Limited |
| NSE | National Stock Exchange of India Limited |
| OCB | Overseas Corporate Body means and includes an entity defined in clause (xi) of Regulation 2 of the Foreign Exchange Management (Deposit) Regulations, 2000 and which was in existence on the date of the commencement of Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's)) Regulations, 2003 and immediately prior to such commencement was eligible to undertake transactions pursuant to the general permission granted under the regulations. |
| OPC | One Person Company |
| p.a. | Per Annum |
| PAN | Permanent Account Number |
| PAT | Profit after tax |
| QP | Qualified purchaser as defined in the U.S. Investment Company Act |
| QIB | Qualified Institutional Buyer |
| RBI | Reserve Bank of India |
| RTGS | Real Time Gross Settlement |
| SCORES | SEBI Complaints Redress System |
| SCRA | The Securities Contracts (Regulation) Act, 1956, as amended from time to time |
| SCRR | The Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | The Securities and Exchange Board of India, constituted under the SEBI Act, 1992 |
| SEBI Act | The Securities and Exchange Board of India Act 1992, as amended from time to time |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended from time to time |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time |
| SEBI ICDR Regulations /ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time |
| SEBI Listing Regulations/ Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time |

| Term | Description |
|--|---|
| SEBI Takeover Regulations/ SAST Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as amended from time to time |
| SEBI Relaxation Circulars | SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, read with SEBI circulars bearing reference numbers SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020 and SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 |
| SEBI Rights Issue Circulars | Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and the SEBI Relaxation Circulars |
| STT | Securities Transaction Tax |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985. |
| Total Borrowings | Aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities |
| UPI | Unified Payments Interface |
| U.S./United States | The United States of America |
| USD / US\$ | United States Dollars |
| US Securities Act | The United States Securities Act of 1933, as amended from time to time |
| VCFs | Venture capital funds as defined in and registered with the SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be |
| WHO | World Health Organization |

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

NOTICE TO INVESTORS

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

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

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

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



Entitlement Letter or the date of such information.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

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

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

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a



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registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Conventions

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

Financial Data

Unless stated or the context requires otherwise, our financial data included in this Draft Letter of Offer is derived from the Audited Standalone and Consolidated Financial Statements and Unaudited Standalone and Consolidated Financial Results. For further information, refer chapter titled "Financial Statements" on page 103.

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

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

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. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Lakhs.

Currency of Presentation

- All references to 'INR', '₹', 'Indian Rupees', 'Rs.' and 'Rupees' are to the legal currency of India.
- Any reference to 'US\$', 'USD', '\$' and 'U.S. dollars' are to the legal currency of the United States of America.

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

Market and Industry Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer have been obtained or derived from publicly available information. Publicly available Information generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified and neither we, nor any of our affiliates, jointly or severally, make any representation as to its accuracy or completeness. The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section "Risk Factors" beginning on page 25 of this Draft Letter of Offer.

Conversion rates for foreign currency:

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

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

(Rs. per unit of Foreign Currency)

| Sr. No. | Name of Currency | As on December 28, 2022 | As on March 31, 2022 | As on March, 31, 2021 | As on March 31, 2020 | As on March 31, 2019 |
|---------|------------------|-------------------------|----------------------|-----------------------|----------------------|----------------------|
| 1 | U.S. Dollar | 82.84 | 75.90 | 73.20 | 75.33 | 69.55 |

Source: <https://www.poundsterlinglive.com/>

FORWARD LOOKING STATEMENTS

Our Company has included statements in this Draft Letter of Offer which contain words or phrases such as 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to', 'future', 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'will continue', 'would', or other words or phrases of similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. However, these are not the exclusive means of identifying forward looking statements. Forward-looking statements are not guarantees of performance and are based on certain assumptions, future expectations, describe plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

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

- Uncertainty of the continuing impact of the COVID-19 pandemic on our business and operations;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Any failure or disruption of our information technology system;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled "Risk Factors" beginning on page 25 of this Draft Letter of Offer. By their very 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 or net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections.

Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we 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 our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the



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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.

In accordance with SEBI / Stock Exchange requirements, our Company will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchange.

SECTION II - SUMMARY OF DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including, "Objects of the Issue", "Our Business", "Outstanding Litigation and other Defaults" and "Risk Factors" beginning on pages 62, 86, 116, and 25 respectively of this Draft Letter of Offer.

1. Summary of Business

Our Company is engaged in the Trading and production/Manufacturing product range encompassing plastic molded components under the brand name "RIDH". The brand "RIDH" is the hall mark showcasing the entire Product range.

Our Company is engaged in manufacturing and distribution of Plastic Moulded Component. Injection moulding is a formative manufacturing technology, i.e. material is formed from an amorphous shape into a fixed shape defined by a mould tool. Almost every plastic part created today is by injection moulding as it allows identical parts to be created in huge numbers, in a short space of time, and at very low cost per part.

The process works as follows:

- 1) A mould cavity defines the shape of the part.
- 2) Material (melted plastic) is injected under pressure into the cavity.
- 3) When the plastic cools it solidifies to take the form defined by the mould.
- 4) The part is ejected, and the process repeats from step 2.

Our Company is having 35 Injection Moulding Machines Start with 100 Tones to 850 Tones we can produces anything in Plastic upto 3.5 kg Apart From Machines we have own toll room along with R&D team for New Product Development .Our State of art facility is situated at Plot No. 8, Main Mathura Road, Sector 5, Faridabad, Haryana - 121006.

For further details, refer chapter titled "*Our Business*" on page 86.

Summary of Industry

India is one of the top producers of a large numbers of plastic products, and also has a long history of manufacturing of Plastic items. The market for plastic moulded components is growing day by day.

The products we manufacture used in Agriculture Industry, Milk Industry, Medical Industry and automobile industry.

For further details, refer chapter titled "*Our Industry*" on page 71.

2. Object of the Issue

Our Company intends to utilize the Net Proceeds for the following object:

(Amount in Lakhs)

| S.No. | Particulars | Amounts | % of gross proceeds | % of Net proceeds |
|-------|---|---------------|---------------------|-------------------|
| 1. | To part finance the requirement of Working Capital. | Upto 2,600.00 | [●]* | [●]* |
| 2. | To meet General corporate purposes | [●]* | [●]* | [●]* |
| 3. | To meet the expenses of the Issue | [●]* | [●]* | [●]* |
| | Total | [●]* | [●]* | [●]* |

**assuming full subscription*

For further details, refer chapter titled “Objects of the Issue” on page 62.

3. Intention and extent of participation by the Promoter and Promoter Group

The Promoter of our Company have, vide their letters dated 29th December, 2022 (“Subscription Letters”) indicated their intention to subscribe, jointly and / or severally in part or to the full extent of their Rights Entitlement (including any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company) and that they may renounce their Right Entitlements.

Further, Promoter of our Company has, vide Subscription Letter, expressed that it reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by the Promoter and Promoter Group, if any, shall not result in change in control of the management of the Company and shall be in accordance with the provisions of the SEBI Takeover Regulations and shall not result in breach of the minimum public shareholding requirements stipulated under the SEBI Listing Regulations.

As such, other than meeting the requirements indicated in the chapter titled “Objects of the Issue” at page 62 of this Letter of Offer, there is no other intention / purpose for the Issue, including any intention to delist our Equity Shares, even if, as a result of any allotment in the Issue to our Promoter and / or the members of our Promoter Group, the shareholding of our Promoter and / or Promoter Group in our Company exceeds their current shareholding.

In case the Rights Issue remains unsubscribed and / or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and the Equity Shareholders and in compliance with the applicable laws.

4. Auditor Qualifications

There are certain qualifications, reservations and adverse remarks made by our Statutory Auditors in their report to Audited standalone and consolidated financial statements of the Company for the financial year 2021-22, 2021-20 and 2019-20.

For further details, refer chapter titled “Financial Statements” on page 103.

5. Summary of outstanding litigations

| S.No. | Outstanding Litigations | Amount (in Lakhs) |
|-------|--|-------------------|
| 1. | Pending Litigations involving our Company and subsidiary Company | 542.00 |
| 2. | Pending Dues to Revenue Departments | - |
| 3. | Pending litigation with Revenue Departments | - |

For further details, please see chapter titled "Outstanding Litigations and Other Defaults" beginning on page 116 of this Draft Letter of Offer.

6. Risk Factors

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares offered in the Issue have neither been recommended nor approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this Draft Letter of Offer.

For the details pertaining to the internal and external risk factors relating to the Company, kindly refer to the chapter titled "Risk Factors" beginning on page no. 25 of this Draft Letter of Offer.

7. Contingent liabilities

As on March 31, 2022, there are contingent liabilities of our Company as below:

(Amount in Rs. Lakhs)

| Particulars | As at March 31, 2022 |
|------------------------------------|----------------------|
| Disputed demands in respect of GST | 542.00 |

Please also refer chapter titled "Financial Statements" and "Risk Factors" beginning on page 103 and page 25 respectively of this Draft Letter of Offer.

8. Related party transactions

For details regarding our related party transactions as per Ind AS 24, see "Financial Statements" beginning on page 103 of this Draft Letter of Offer.

9. Financing Arrangements

There has been no financing arrangement whereby our Promoter, members of the Promoter Group, our Directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of 6 (six) months immediately preceding the date of this Draft Letter of Offer.



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

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

11. Split / Consolidation

There has been no sub division (face value split) in last one year from the date of this Draft Letter of offer.

12. Exemption from complying with any provisions of Securities Laws, if any, granted by SEBI

Our Company has not submitted any application to SEBI for exemption from complying with any provisions of Securities.

SECTION III - RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Draft Letter of Offer, including in "Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Financial Statements" before making an investment in our Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. 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 of an investment in our Equity Shares and its impact on you.

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

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

INTERNAL RISK FACTORS

BUSINESS RELATED RISK

- 1. Our Company's business is dependent on few customers. Any loss of such customers or a significant reduction in purchases by such customers could adversely affect our business, results of operations and financial conditions.**

Our Company is dependent on few customers, including Government Companies and private companies. Our top customers are Government Bodies which are accounted for 85.00 % and 15.00 % of our gross sales are to Privately owned bodies for the Financial Year 2021-2022. Though we do not have any long-term agreement with our significant customers, we have been their vendor for over two years. We have not observed any reduction in contribution by top customers in absolute terms in last three years, as our top ten customers operate in diversified industries which averages out the contributions made in the event of disruption in any particular industry or operations of any particular customer. The loss of any significant customer or a significant reduction in demand from such customers could have an adverse effect on our business, results of operations and financial conditions.

Further, we normally provide credit period of less than Forty days, however due to the prevalence of COVID-19 disease and the nation-wide lockdown, our credit cycles were extended by a few days without significantly impacting our revenue cycle. We cannot assure you that any such delay in the future in payments by such customers over the usual payment cycles will not adversely affect the results of our operations and financial conditions. Further, there can be no assurance that our business relationships with our key customers would continue in similar manner.

2. Our manufacturing operations are critical to our business and any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations and financial condition.

Our Company manufactures Plastic Moulding components and our success depend on our ability to successfully manufacture and deliver our products to meet our customer demand. Our manufacturing facility is also susceptible to damage or interruption or operating risks, such as human error, power loss, breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, loss of services of our external contractors, terrorist attacks, acts of war, break-ins, earthquakes, other natural disasters and industrial accidents and similar events. It is also subject to operating risk arising from compliance with the directives of relevant government authorities. In past, there have been two instances where our facility met with a fire situation. Operating risks may result in personal injury and property damage and in the imposition of civil and criminal penalties.

If our Company experience delays in production or shutdowns at our facility due to any reason, including disruptions caused by disputes with its workforce or any external factors, our Company's operations will be significantly affected, which in turn would have a material adverse effect on its business, financial condition and results of operations. Further, continuous addition of industries in and around our manufacturing facilities without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure therein, which may adversely affect our business.

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

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

In particular, if operations at our manufacturing facility were to be disrupted as a result of any significant workplace accident, equipment failure, natural disaster, power outage, fire, explosion, terrorism, adverse weather conditions, labour dispute, obsolescence or other reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products. Interruptions in production may also increase our costs and reduce our sales, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, financial condition, results of operations, cash flows and prospects.

4. Our cost of production and trading activities is exposed to fluctuations in the prices of materials.

Our Company is dependent on third party suppliers for procuring the raw material. We are exposed to fluctuations in the prices of these raw materials/ traded goods as well as its unavailability, particularly as we typically do not enter into any long term supply agreements with our suppliers and our major

requirement is met in the spot market. We may be unable to control the factors affecting the price at which we procure the materials. We also face the risks associated with compensating for or passing on such increase in our cost of production/ trades on account of such fluctuations in prices to our customers. Upward fluctuations in the prices of raw material/ traded goods may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operations. Though we enjoy favourable terms from the suppliers both in prices as well as in supplies, our inability to obtain high- quality materials in a timely and cost-effective manner would cause delays in our production/trade cycles and delivery schedules, which may result in the loss of our customers and revenues.

5. Our key raw material, polymer is manufactured by few players domestically, hence we are dependent on a few suppliers.

Key raw materials required by us include PPCP/PP, HDPE and LDPE/LLDPE which are manufactured in India by oil PSUs and other manufacturers. In Fiscal 2021, we spent Rs. 183 lakhs for 160 tonnes of polymer in comparison to Fiscal 2022, where we spent Rs. 957 lakhs for 820 tonnes of polymer. For Fiscal 2022, Our consumption of PPCP/PP, HDPE and LDPE/LLDPE was 120 tonnes, 680 tonnes, respectively. We procure 85.0% of polymers required by us through delcredere agents of a single manufacturer in the 2022. Hence, we are significantly dependent on them for supply of polymer which is a key raw material in manufacturing our products. We enter into annual MoUs with them for purchase of polymer quantity as it is not economic to enter into long term agreements with our key suppliers due to price fluctuations. Due to our long standing relationship with such suppliers, we believe we procure polymer at competitive rates. If the supplier is unable to supply polymer to us on commercially reasonable terms or quantity we require, it may adversely affect our production schedule and we may have to purchase polymer at a higher rate from the market, which may affect our profitability.

6. We incur investments from time to time on our R & D and we may not be able to derive adequate benefits from such investments.

We operate in the industry which requires continuous technology upgrade for manufacturing products and research activities to stay ahead of the market. We currently have centralised integrated tool room where we develop, repair molds. While we believe our centralised tool room provides us with advantage like early development of products at cheaper cost, but cannot assure you that we will be able to develop products acceptable to our customers. We will continue to make investments on R & D including and not limited to developing our Robots, new molds and processes as we depend significantly on such processes for upgrading our technologies and processes from time to time. We capitalise part of salary of our Managing Director, Mr. Santosh Kumar Kushawaha, who devotes considerable time to develop new design and technologies at our tool room. These R & D activities are critical since it may improve demand for our product and our profitability, if such activities prove to be successful.

Our Company is engaged in the on-going process of studying, designing and developing new moulds in accordance with customer requirements. We have spent Rs.100 lakhs in Financial Year 2021-22 on R&D activities (including salaries of employees in R&D division and other overhead costs). We cannot guarantee that we may be able to derive adequate benefits from these R & D activities and will be able to reap profits from our investments in the same. In addition, shifts in customer demand may render existing technologies and machinery obsolete, requiring additional capital expenditures and/or write-downs of assets.

- 7. Our growth prospect may suffer if we fail to anticipate and develop new products and enhance existing products in order to keep pace with rapid changes in customer preferences and the industry on which we focus.**

We have successfully adopted „In-mold labelling“ technology which enable us to produce a picture quality decoration on the molds produced by us. Our business is characterized by constant product innovation due to rapid technological change, evolving industry standards and customer preferences. To compete successfully in the packaging industry, we must be able to identify and respond to changing demands and preferences in packaging industry. We believe that our in-house tool room and centralised R&D gives us competitive advantage and helped us in reaching current level. However, we cannot assure that our new products may always gain buyer acceptance and we will always be able to achieve competitive products to meet customer expectations. Failure to identify and respond to changes in consumer preferences could, among other things, limit our ability to differentiate our products, adversely affect consumer acceptance of our products and could have impact on our growth prospect.

- 8. Any inability on our part to successfully maintain quality standards could adversely impact our business.**

Quality of our product is very important for our customers and their brands equity. Our product goes through various quality checks at various stages including random sampling check, drop test and/or any tenth order lot check. We supply our packaging products to Horticulture, Agriculture and Milk Industry and other industries each of which have different product specifications. Our manufacturing plant is ISO: 9001:2015, 14000:205,45000:2018 and BIS 15532:2004 certified. We maintain utmost hygiene standards in our manufacturing facilities serving food. We ensure that our products are tested for various application tests such as load, impact, strength, durability, wear and fatigue etc., in line with certain international standards. Failure of our products to meet prescribed quality standards may results in rejection and reworking of product hence any failure on our part to successfully maintain quality standards for our products may affect our customer demands or preference which may negatively affect our business.

- 9. We may be unable to effectively implement our growth strategies or manage our growth.**

Our total income has grown from Rs. 1880 lakhs in the Fiscal 2021 to Rs. 2632 lakhs in the Fiscal 2022. Our growth has been a result of our growth strategies over the year and success of our design capabilities and innovations. Our growth strategy involves risks and difficulties, many of which are beyond our control and, accordingly, there may be no assurance that we will be able to complete our plans on schedule or at all, or without incurring additional unforeseen material capital expenditure. Any inability on our part to manage our growth effectively or to ensure the continued adequacy of our current systems to support our growth strategy could have an adverse effect on our growth plans. Furthermore, if market conditions change or if our operations do not generate sufficient funds or for any other reasons, we may decide to delay, modify or forgo some aspects of our growth strategy which could have a material and adverse effect on our business prospects.

- 10. Our customers' requirements to locate our manufacturing units in close proximity to their facilities may require capital expenditure and we may not be able to manage our manufacturing units at various locations effectively.**

Currently we are operating in one manufacturing unit at Faridabad, Haryana. We continue to incur capital expenditure to set up or extending new facilities in proximity to our customers. In the event that any of our customers' facilities are moved from their current locations, we may not be able to utilize our

manufacturing unit efficiently. Our Company is and will continue to evaluate various location options for its expansion plans preferably closer to the customers. Our ability to set up and manage effectively our new manufacturing facilities in the future, will depend on a variety of factors including availability of sufficient capital, procurement of land, receipt of relevant approvals, availability of sufficient skilled employee and labour base. Costs associated with such expansion plan may effect our business, financial condition and results of operations.

Further, we cannot assure that we will be able to manage all our manufacturing units at various locations effectively.

11. If we are unable to adapt to technological changes coupled with changes in industry trends and preferences our business and results of operations may be adversely affected

We seek to enhance our production and technological capabilities to distinguish ourselves from our competitors and enable us to introduce new products as well as different variants of our existing products, based on consumer preferences and demand. We depend on the successful introduction of new production and manufacturing processes to create innovative products, achieve operational efficiencies and adapt to advances in, or obsolescence of our technology. In the past, we have worked closely with our customers and developed upgraded versions of the packs introducing various features like leak proof, no-gasket design, tamper evident, tamper proof, light weight packs. We have introduced packs with tamper evidence for food delivery, for sweets and confectionery etc. With our in-house product design & tool room, we have enabled product design and innovation capabilities. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell. Our future success will depend on our ability to respond to technological advances in the businesses in which we operate, on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will continuously implement/adopt new technologies effectively or will be able to respond in timely manner

12. Failure to meet our production timelines may impact our reputation and could also lead to cancellation of our orders.

We manufacture diverse products for our customers including plastic crates for fruits and vegetables and milk & curd of different color and different sizes, safety goggles for medical industry, Outer Bodies of Coolers and RO in Home appliances and plastic irrigation tools for Agriculture industry and Plastic Accessories for Mobile Phones. Most of our customers give us production schedule for thirty days but few give production schedule for less than two weeks. We are expected to supply varying quantities at different points in time, as per the given schedule. Our operations are streamlined to take into account delivery schedule. While a certain amount of time is always calculated as buffer and we keep raw material for about a month's requirement, any serious disruption in our manufacturing units will impact our ability to meet our production timelines and may impact our reputation and could also lead to cancellation of our orders.

13. Our Company does not have any long-term contracts with our clients and suppliers, which may adversely affect our results of operations.

We are, to a major extent, dependent on external suppliers for our goods requirements and we do not have any long-term supply agreements or commitments in relation to the same. There can be no assurance that there will not be a significant disruption in the supply of goods from current sources or, in

the event of a disruption, that we would be able to locate alternative suppliers of goods of comparable quality on terms acceptable to us, or at all. Identifying a suitable supplier involves a process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labour and other ethical practices. Consequently, we are also exposed to price fluctuations in goods, and these fluctuations may adversely affect our ability to obtain orders and/or to execute them in a timely manner, which would have a material adverse effect on our business, results of operations and financial condition. In case of non-availability of goods on favourable terms, we may have to procure the same at the terms and conditions prevalent at that point. This may result in reducing our revenues by a considerable amount due to shortage of goods or due to inability to procure the same. Further, unfavourable terms of goods may also force us to reduce the scale of our operations resulting in a down-sizing of our overall business. We may have to put on hold any expansion plans and our future growth will be severely stunted. Any delay, interruption or increased cost in the supply arising from a lack of long-term contracts could have an adverse effect on our ability to meet customer demand for our products and result in lower revenue from operations both in the short and long term. Also, Our Company has had long standing business relationships with certain customers and has been supplying our products to such customers for long time. However, we have not entered into any long term contracts with these customers and we cater to them on an order-by-order basis. As a result, our customers can terminate their relationships with us without any notice and, without consequence, which could materially and adversely impact our business.

14. Any shortage or non-availability of electricity may adversely affect our profitability

Our quality of product and efficiency of production of our manufacturing units are dependent on uninterrupted supply of quality power. We depend on power supplied by the State electricity board for our manufacturing facility requirements. Our manufacturing unit is equipped with diesel generator set for alternative source of power. We have faced power supply deficiency including scheduled power disruptions in our manufacturing unit in the past due to which led to alternate source of power. The average cost of generation of electricity from diesel generator set is Rs. 12 per unit, whereas the average cost of electricity purchase from electricity board is Rs. 6.65 per unit. Further, our Company has also been taking steps towards installation of solar power systems in our manufacturing units to cost of own generated power and our dependency on electricity board. If we do not get uninterrupted quality power for our manufacturing units from electricity board, it may increase the manufacturing cost of our products and affect our profitability.

15. Our inability to maintain an optimal level of inventory for our business may impact our operations adversely.

Our daily operations largely depend on consistent inventory control which is generally dependent on our projected sales in different months of the year. An optimal level of inventory is important to our business as it allows us to respond to customer demand effectively and to maintain a range of finished products. If we over-stock inventory, our required working capital will increase and if we under-stock inventory, our ability to meet consumer demand and our operating results may be adversely affected. Any mismatch between our planning and the actual off take by customers can impact us adversely.

16. Delays or defaults in client payments could result in a reduction of our profits.

We may be subject to working capital shortages due to delays or defaults in payments by clients. If clients defaults in their payments in due time to which we have devoted significant resources it could have a material adverse effect on our business, financial condition and results of operations and could cause the price of our Equity Shares to decline.

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

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.

Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our company, brand, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

18. We are dependent on our Managing Director, and senior management to manage our current operations and meet future business challenges

While we have been developing next layers of management as a direct support system to senior management who can take over the management responsibilities in the future, our future success is still dependent on our Managing Director Mr. Santosh Kumar Kushawaha, whole time Director, Mr. Abhishek Singh and other senior management to maintain strategic direction, manage current operations and risk profile and meet future business challenges, including the planned expansion and the addition of new businesses. Our Managing Director has more than a decade of experience in business and its management and is the visionary of our Company and involved in formulation of corporate strategy and planning, overall execution and management, and concentrates on the growth of our Company.

Although, most of the other senior management of our Company have been employed with us for over 5 years, our Company does not enter into employment agreements with the senior management personnel who are therefore not obligated to work for our Company for any specified period. If one or more of these key personnel are unwilling or unable to continue in their present positions, we may not be able to replace them with persons of comparable skill and expertise promptly or at all, and we may not be able to further augment our management team appropriately and this could have a material adverse effect on our business, results of operations and financial condition

19. We are subject to risks associated with rejection of supplied products and consequential claims including product liability costs

Defects, if any, in our products could lead to rejection of supplied products and consequential financial claims and could require us to undertake service actions. As per the terms of our agreements with certain clients, these actions could require us to expend considerable resources in rectifying and/or addressing these problems, to absorb costs incurred by our customers in addressing such problems. We are currently not covered by insurance for any product liability claims and hence any such liability could have an adverse impact on our results of operations. Though there have not been any significant rejection and claims experienced by our Company in past, we cannot assure you that no such claims will be made against us in the future or that such claims will be settled in our favour. Any such successful claims could adversely affect our results of operations and cash flow

20. Termination of agreements/arrangements with Customers, could negatively impact our revenues and profitability.

Our customers typically retain us on a non-exclusive basis. Many of our client contracts can be terminated with or without cause by providing notice and without termination-related penalties. Additionally, most of clients carry no commitment to a specific volume of business or future work. Our business is dependent on the decisions and actions of our customers, and there are a number of factors relating to our clients that are outside our control that might result in the termination of an assignment or the loss of a client, including a demand for price reductions. Therefore our business may be adversely affected if any of our contracts are terminated by our customers..

21. We face competition in our business from both domestic and international competitors. Such competition would have an adverse impact on our business and financial performance.

The industry, in which we are operating, is highly competitive and our results of operations and financial condition are sensitive to, and may be materially adversely affected by, competitive pricing and other factors. Competition may result in pricing pressures, reduced profit margins or lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

22. Our Company is involved in certain legal and other proceedings. An adverse outcome in such proceedings may have an adverse effect on our financials.

Our Company is currently involved in certain legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. In the event of an adverse outcome of such legal proceedings, we may have to incur expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities which will adversely affect our financials. Details of the total number of proceedings pending against our Company are mentioned below:

| Nature of cases/claims | Number of cases outstanding | Amount involved (Rs. in Lakhs)* |
|------------------------|-----------------------------|---------------------------------|
| Tax Matter | 1 | 542.00 |

For further details of these legal proceedings, please refer to chapter titled “Outstanding Litigations and Defaults” beginning on page 116 of this Draft Letter of offer.

For further details, see the section entitled – “Financial Statements” on page 103 of this Draft Letter of Offer.

23. Unsecured loans can be recalled by the lenders at any time.

As on March 31, 2022, our Company has unsecured loans amounting to Rs. 458.15 lakhs that may be recalled by the relevant lender at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may

adversely affect our cash flows. For further details of unsecured loans of our Company, please refer the chapter titled *Financial Information* on page 103 of this Draft Letter of offer.

24. We have in the past entered into related party transactions and may continue to do so in the future.

We have entered into transactions with our promoter, Directors. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Further, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. For further details please refer to Financial Information of Our Company on page 103 of Draft Letter of offer.

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

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

26. Our Company requires certain statutory and regulatory registrations, licenses and approvals for our business and failure or inability to obtain and/or renew any registration, approvals or licenses in future may have an adverse impact on our business operations and profitability.

Our Company requires several statutory and regulatory permits, licenses and approvals to operate the business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. Our Company is required to renew such permits, licenses and approvals. There can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/ licenses/ approvals. Failure by our Company to renew, maintain or obtain the required permits, licenses or approvals, or cancellation, suspension or revocation of any of the permits, licenses or approvals which may result in the interruption of our Company's operations and may have a material adverse effect on the business.

27. Extensive environmental, health and safety laws and regulations may result in increased liabilities and capital expenditure.

Our operations are subject to various environmental and safety laws including industry specific regulations, including those governing the generation, handling, storage, use, management, transportation and disposal of, or exposure to, environmental pollutants or hazardous materials resulting from our manufacturing processes. For instance, we require approvals under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, in order to establish and operate our manufacturing facilities in India. We would also incur costs and liabilities related to compliance with these laws and regulations. We are subject to various central, state and local environmental, health and safety laws and regulations concerning issues such as damage caused by air

emissions, wastewater discharges, solid and hazardous waste handling and disposal. These laws and regulations are increasingly becoming stringent and may in the future create substantial environmental compliance or remediation liabilities and costs. These laws can impose liability for non-compliance, with health and safety regulations or clean up liability on generators of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities.

28. We engage contract labour for carrying out certain of our operations and we may be held liable for paying the wages of such workers in the event of default by the independent contractor.

We appoint independent contractors who in turn engage on-site contract labour for performance of certain of our operations in our manufacturing unit. As of September 30, 2022, we had engaged 1,000 contract labourers through our contractors based on the requirements of our manufacturing units. Although we do not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any difficulties in managing contract labour may have an adverse impact on our results of operations.

29. We are a labour intensive industry and hence may face labour disruptions and other planned and unplanned outages that would interfere with our operations.

Our Company's activities are labour intensive. As on September 30, 2022, our Company has 1,000 labourers hired through contractors. Strikes and other labour action may have an adverse impact on our operations, though we have not experienced any such labour disruption in the past. We cannot guarantee that we will not experience any strike, work stoppage or other industrial action in the future. Any such event could disrupt our operations impacting profitability.

30. We are dependent on third party transportation providers for the supply of raw materials and delivery of our products and any failure on part of such providers to meet their obligations could have an adverse effect on our profitability and results of operation.

As a manufacturing business, our success depends on the smooth supply and transportation of the various raw materials required for our manufacturing units and of our products from our manufacturing units to our customers, both of which are subject to various uncertainties and risks. We are dependent on third party transport providers for transportation of raw material from our suppliers to our manufacturing units and for delivery of our finished products to our customers. Transportation cost constituted 1.5% and 1.6% of our net sales for Fiscal 2021 and Fiscal 2022, respectively. Many of our customers work on just in time principle and maintain very low level of inventory of pails. An increase in freight costs or the unavailability of adequate infrastructure for transportation of our products to our customers may have an adverse effect on our profitability and results of operation.

31. We are a listed company and are required to comply with rules and regulations imposed by the Stock Exchanges and SEBI with respect to continuous listing and the Companies Act. Any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchange or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and other rules and regulations imposed by SEBI, which require us to make certain periodic disclosures, including disclosures about any material events or occurrences with respect to our Company, disclosure of our financial statements and disclosure of our updated shareholding

pattern. Any failure to comply with these continuous disclosure requirements or any wrongful disclosure made by us to the Stock Exchange or any other statutory authority may lead to penalties being imposed on us.

There has been, inadvertent Non Compliances done by our Company as required under the provisions of Insider Trading Regulations. Although the violation was unintentional, Audit Committee of the Company had determined that there was a violation of the Company's Policy and PIT Regulations and has therefore unanimously decided to remit the profits derived by the virtue of non-compliance, to the Investor Protection and Education Fund administered by SEBI pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015. Further, we believe, we are in compliance with rules and regulations imposed by the BSE and SEBI with respect to continuous listing, any failure to comply with such rules and regulations or any wrong disclosure/ Non filing/ Delay Filing to the BSE or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

32. As on the date of this Draft Letter of Offer, no investor complaint is outstanding on SCORES.

As on the date of this Draft Letter of Offer, no investor complaint is outstanding on SCORES. But there is no assurance that in future the Company will be able to resolve each and every investor complaint received on SCORES. For detailed information of the no. of Investor Complaints received and resolved by the Company, kindly refer to page 126 of this Draft letter of letter.

33. Our Promoters or members of our Promoter Group may pledge or dispose of the Equity Shares held by them which may adversely impact the trading price of our Equity Shares.

There is no restriction on our Promoters and members of the Promoter Group to dispose, transfer or pledge their Equity Shares, and our Promoters and / or members forming part of the Promoter Group may at any time pledge or dispose of the Equity Shares held by them including immediately after listing of Rights Equity Shares pursuant to this Rights Issue. In the event of creation of such a pledge, the pledgee may exercise the right of acquiring, selling or otherwise disposing of such Equity Shares if the pledgor fails to abide by the terms and conditions of the pledge so created. Any transfer / sale of Equity Shares by our Promoter and / or members forming part of the Promoter Group will lead to a dilution of the Promoter holding in our Company which may adversely impact the trading price of our Equity Shares.

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

Our Company has not paid any dividend till now to our shareholders in the absence of high profit. Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements and capital expenditure. We are required to obtain consents from our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. In the past, we have written to our lenders requesting for their consent to declare dividend but have not received any response thereof. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations.

Further we cannot assure you that our dividend yields maintain our past practice.

35. Our premises from which we operate or are used by our Company for the purposes of our operations are situated at lease hold premises. Any termination of the relevant lease or leave and license agreements in connection with such properties or our failure to renew the same could adversely affect our operations.

Premises used by our Company at Faridabad, Haryana is taken on a long – term leasehold basis from third party. Further, our branch office at Lucknow and odisha is taken on the basis of short-term leave and license basis from third party. There can be no assurance that these agreements will be renewed upon expiry or on terms and conditions acceptable to us. Any failure to renew these agreements or procure new premises will increase our costs or may force us to look out for alternative premises which may not be available or which may be available at more expensive prices. Any or all of these factors may have a material adverse effect upon our operation and profitability.

36. Our diverse and complex multi-location operations subject us to various statutory, legal and regulatory risks.

Our future revenue growth depends upon the successful operation of our operating locations and warehouses, the efficiency of our delivery systems and the successful management of our sales, marketing, and support and service teams through direct and indirect channels in various states across India where our existing or potential clients are located. The expansion of our business may require that we establish new offices and warehouses and manage businesses in widely disparate states with different statutory, legal and regulatory framework. In addition, we may be affected by various factors inherent in carrying out business operations in several states in India and abroad, such as:

- coordinating and managing operations in several locations, including different political, economic and business conditions and labour laws and associated uncertainties;
- exposure to different legal standards and enforcement mechanisms and compliance with regulations; and
- difficulties in staffing and managing operations, including coordinating and interacting with our local representatives and business partners to fully understand local business and regulatory requirements. Any of these factors, alone or in combination, could materially and adversely affect our business, results of operations and financial condition and prospects.

37. Our insurance coverage may not be adequate to protect us against all potential losses to which we may be subject to, and this may have a material adverse effect on our business and financial condition

We maintain insurance for a variety of risks, including risks relating to fire, special perils, burglary, etc., and other similar risks. However, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. Any liability in excess of our insurance limits could result in additional costs, which would reduce our profits. Further, we may be subject to claims arising from alleged, suspected or actual defects in the products that we manufacture, which may require us to conduct product recalls, due to alleged, suspected or actual defects in end product manufactured by them for their own customers. In the event that any significant product liability, performance improvement or replacement claims are brought against us, which are not covered by insurance or result

in recoveries in excess of our insurance coverage, it may adversely affect our business, financial condition, results of operations and prospects.

38. There is no monitoring agency appointed by our Company and the deployment of funds are at the discretion of our Management and our Board of Directors, though it shall be monitored by the Audit Committee.

As per SEBI (ICDR) Regulations, 2018 appointment of monitoring agency is required only for Issue size above Rs. 10,000 Lacs. Hence, we have not appointed a monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the BSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

39. Delay in raising funds from the Right issue could adversely impact the implementation schedule.

The proposed expansion, as detailed in the section titled “*Objects of the Issue*” is to be funded from the proceeds of this Issue. We have not identified any alternate source of funding and hence any failure or delay on our part to mobilize the required resources or any shortfall in the Issue proceeds may delay the implementation schedule. We therefore, cannot assure that we would be able to execute the expansion process within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

40. The Objects of the Issue for which funds are being raised, are based on our management estimates and any bank or financial institution or any independent agency has not appraised the same. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titles “Objects of the Issue”.

The fund requirement and deployment, as mentioned in the “Objects of the Issue” on page 62 of this Draft Letter of Offer is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds as stated under chapter “Objects of the Issue” is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency.

Further, we cannot assure that the actual costs or schedule of implementation as stated under chapter “Objects of the Issue” will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

41. Our future fund requirements, in the form of further issue of capital or securities 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.

42. We have not independently verified certain data in this Draft Letter of offer.

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

43. Our Company will not distribute the Draft Letter of Offer and Application Form to certain overseas Shareholders who have not provided an address in India for service of documents.

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

RISKS RELATING TO RIGHTS ISSUE

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

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

45. 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.

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

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

47. The Issue Price of our Right Equity Shares may not be indicative of the market price of our 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.

There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- (a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- (b) changes in revenue or earnings estimates or publication of research reports by analysts;
- (c) speculation in the press or investment community;
- (d) general market conditions; and
- (e) domestic and international economic, legal and regulatory factors unrelated to our performance.

EXTERNAL RISK FACTORS

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

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

49. Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general.

Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India, which could adversely affect the Indian financial sector in particular. Any such disruption could have an adverse effect on our Company's business, future financial performance, financial condition and results of operations, and affect the price of the Equity Shares. Accordingly, the price and liquidity of the Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

50. Political instability or changes in the Government or Government policies could impact the liberalization of the Indian economy and adversely affect economic conditions in India generally.

The performance and growth of our Company is dependent on the health of the Indian economy and more generally the global 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. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and / or political changes. While the current Government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on the operations of our Company.

51. Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect our business, prospects, results of operations and financial condition.

Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade as well as the worldwide financial markets. The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries which may persist and occur in the future. Military activity or terrorist attacks in India may result in investor concern about stability in the region, which may adversely affect the price of our Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in the World, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including our Equity Shares.

52. Natural disasters and other disruptions could adversely affect the Indian economy and could cause our business and operations to suffer and the trading price of our Equity Shares to decrease.

Our operations, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations which could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or rebuild parts of our infrastructure. We may also be liable to our customers for disruption in supply resulting from such damage or destruction. Our insurance coverage for such liability may not be sufficient. Any of the above factors may adversely affect our business, our financial results and the price of our Equity Shares.

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

Any future equity issuances by our Company may lead to dilution of your future shareholding in our Company. Any future equity issuances by our Company or sales of the Equity Shares by the Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Share. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Share. Except as otherwise stated in the Draft Letter of Offer, there is no restriction on our Company's ability to issue the Securities or the relevant shareholders' ability to dispose of their Equity Share, and there can be no assurance that our Company will not issue Equity Share or that any such shareholder (including Promoters and Promoter Group) will not dispose of, encumber, or pledge its Securities.

54. The outbreak of Novel Coronavirus, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.

The outbreak, or threatened outbreak, of any severe epidemic caused due to viruses (particularly the Novel Coronavirus) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of Novel Coronavirus has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and shutdowns. These measures have impacted and may further impact our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding Novel Coronavirus. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of Novel Coronavirus remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting Novel Coronavirus or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of Novel Coronavirus will cause an economic slowdown and it is possible that it could cause a global recession. The spread of Novel Coronavirus has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and our ability to perform critical functions could be harmed.

The extent to which the Novel Coronavirus further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are still assessing our business operations and system supports and the impact Novel Coronavirus may have on our results and financial condition, but there can be no assurance that this analysis will enable us to avoid part or all of any impact from the spread of Novel Coronavirus or its consequences, including downturns in business sentiment generally or in our sector in particular. The degree to which Novel Coronavirus impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people. Further in case the lockdown is extended, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

55. 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.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

SECTION IV- INTRODUCTION

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled “*Terms of the Issue*” beginning on page 128 of this Draft Letter of Offer:

Authority for the Issue

The Equity Shares in the present Issue are being offered pursuant a resolution passed by our Board at its meeting held on 29th December, 2022 in accordance with the provisions of the Companies Act.

Summary of the Issue

| | |
|---|---|
| Rights Equity Shares to be Issued | Upto fully paid up [●] Equity Shares |
| Rights Entitlement for Equity Shares | [●] ([●]) Fully paid up Rights Equity Shares for every [●] ([●]) fully paid-up Equity Share held on the Record Date. |
| Record Date | [●] |
| Face value per Equity Share | Rs. 10 each |
| Issue Price per Rights Equity Share | Rs. [●] per Rights Equity Share |
| Issue Size | Upto Rs. 4,000.00 Lakhs |
| Equity Shares outstanding prior to the Issue | 1,29,13,636 fully paid up Equity Shares |
| Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement) | [●] fully paid up Equity Shares |
| ISIN and Symbol | ISIN: INE663P01015, BSE Scrip Code: 538351 |
| Terms of the Issue | For more information, please see the chapter titled “ <i>Terms of the Issue</i> ” beginning on page 128 of this Draft Letter of Offer. |
| Use of Issue Proceeds | For more information, please see the chapter titled “ <i>Objects of the Issue</i> ” beginning on page 62 of this Draft Letter of Offer. |
| Terms of Payment | The full amount of Issue Price Rs. [●] per Rights Equity Share is payable on Application. |

For details in relation fractional entitlements, see "Terms of the Issue - Fractional Entitlements" beginning on page 148 of this Draft Letter of Offer.

Terms of payment

| Due Date | Amount payable per Equity Shares |
|---|---|
| On the Issue application (i.e. along with the Application Form) | Rs. [●] |



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

SUMMARY OF FINANCIAL STATEMENTS

The summary financial information of our Company as derived from the Audited Standalone and Consolidated Financial Statements of our Company for the financial year ended on March 31, 2022 and Unaudited Standalone and consolidated financial statements for the six months ended on September 30, 2022 is reproduced below. Our summary financial information should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in chapter titled “*Financial Statements*” beginning on page 103 of this Draft Letter of Offer.

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A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

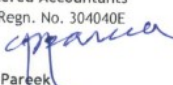
AUDITED STANDALONE PROFIT AND LOSS FOR THE PERIOD ENDING 31ST MARCH, 2022

Standalone Statement Of Profit And Loss For The Year Ended On 31st March 2022

| | Notes | For the year ended on 31st March 2022 | (Rs. in '000') For the year ended on 31st March 2021 |
|--|-------|--|--|
| REVENUE | | | |
| Revenue from operations | 22 | 239,185.90 | 186,936.90 |
| Other income | 23 | 24,101.48 | 1,077.17 |
| Total revenue (I) | | 263,287.38 | 188,014.07 |
| EXPENSES | | | |
| Cost of materials consumed | 24 | 95,791.55 | 18,352.42 |
| Purchase of stock in trade | 25 | 89,512.05 | 63,417.27 |
| Changes in inventories of stock in trade | 26 | 521.45 | 60,766.81 |
| Operating costs | 27 | 7,911.42 | 6,431.16 |
| Employee benefits expense | 28 | 16,549.29 | 4,698.74 |
| Finance cost | 29 | 1,352.31 | 802.19 |
| Depreciation expenses | 3 | 13,601.22 | 16,233.93 |
| Other expenses | 30 | 22,280.74 | 24,401.59 |
| Total expenses (II) | | 247,520.03 | 195,104.11 |
| Profit/ (loss) before exceptional items and tax (I-II) | | 15,767.35 | (7,090.04) |
| Exceptional items | 31 | - | 19,500.36 |
| Profit/ (loss) before tax | | 15,767.35 | 12,410.32 |
| Tax expense | | | |
| Current tax | | (4,898.87) | (3,128.14) |
| MAT tax | | - | - |
| Deferred tax | | (508.39) | (1,535.14) |
| Profit/ (loss) after tax (III) | | 10,360.09 | 7,747.04 |
| OTHER COMPREHENSIVE INCOME | | | |
| (i) Items that will not be reclassified to profit or loss | 38 | 73.46 | 29.74 |
| A. (ii) Income tax relating to items that will not be reclassified to profit or loss | | (18.49) | (7.49) |
| B. (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| Total Other Comprehensive Income (IV) | | 54.97 | 22.25 |
| Total Comprehensive Income (III+IV) | | 10,415.06 | 7,769.29 |
| Earning per equity share (EPS) | | | |
| [nominal value of share Rs. 10] | | | |
| Basic (in Rs.) | | 0.96 | 1.59 |
| Diluted (in Rs.) | | 0.87 | 1.59 |
| Weighted Average No. of Equity Shares | | 10,771,171 | 4,861,034 |
| Weighted Average No. of Dilutive Equity Shares | | 11,971,171 | 4,861,034 |

Notes to the Standalone financial statements 1-46

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



New Delhi, the 27th day of May 2022

For and on behalf of the Board of Directors of
For A F Enterprises Ltd. A F ENTERPRISES LIMITED


Abhishek Singh
Director & CFO
DIN: 03603706

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228
Director

For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFA2964K
COMPANY SECRETARY

A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

AUDITED STANDALONE BALANCE SHEET AS ON 31ST MARCH, 2022

Standalone Balance Sheet as at 31st March 2022

| | Notes | (Rs. in '000') | |
|--|-------|--------------------------|--------------------------|
| | | As at 31st March 2022 | As at 31st March 2021 |
| ASSETS | | | |
| Non- current assets | | | |
| Property, plant and equipment | 3 | 39,851.76 | 54,697.44 |
| Financial assets | | | |
| Investments | 4 | 9,527.00 | 9,527.00 |
| Loans | 5 | 40,711.59 | 27,039.39 |
| Other non current assets | 6 | 1,439.40 | 178.80 |
| Current Assets | | | |
| Inventories | 7 | 39,769.21 | 10,039.41 |
| Financial assets | | | |
| Trade receivables | 8 | 853,576.45 | 879,151.31 |
| Cash and cash equivalents | 9 | 11,005.87 | 18,177.17 |
| Loans | 10 | 2,218.94 | 5,452.70 |
| Current tax assets (net) | | | |
| Other current assets | 11 | | |
| Total | | 1,156,681.39 | 1,059,484.21 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 129,136.36 | 95,136.36 |
| Other equity | 13 | 55,342.27 | 12,327.20 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 14 | 46,764.34 | 25,843.63 |
| Other financial liabilities | 15 | 397.02 | 4,936.94 |
| Provisions | 16 | 219.20 | 177.43 |
| Deferred tax liabilities | 17 | 2,849.40 | 2,322.52 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | 18 | | 561.45 |
| Outstanding dues to micro enterprises and small enterprises | | | |
| Outstanding dues of creditors other than micro enterprises and small enterprises | | 762,445.71 | 759,474.63 |
| Other financial liabilities | 19 | 1,616.17 | 447.56 |
| Other current liabilities | 20 | 153,311.65 | 155,184.67 |
| Provisions | 21 | 0.66 | 0.54 |
| Current tax liabilities (net) | | 4,598.61 | 3,071.27 |
| Total | | 1,156,681.39 | 1,059,484.21 |
| Notes to the Standalone financial statements | 1-46 | | |

Notes to the Standalone financial statements 1-46

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

For A F Enterprises Ltd.

Abhishek Singh
Director
DIN: 03603706

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228

Director

For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K

COMPANY SECRETARY

New Delhi, the 27th day of May 2022

AUDITED STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST MARCH, 2022

Standalone Cash Flow Statement For The Year Ended On 31st March 2022

| | For the year ended on 31st March 2022 | (Rs. in '000') For the year ended on 31st March 2021 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/ (loss) before tax and after extra- ordinary items | 15,767.35 | 12,410.32 |
| Adjustments for items: - | | |
| Derecognition of financial liability | | |
| Profit on sale of property, plant & equipment | (4,951.46) | |
| Interest paid | (437.99) | (82.28) |
| Interest received | 1,352.31 | 802.19 |
| Provision for Gratuity | | |
| Depreciation on Property, plant & equipment | 115.35 | 115.46 |
| Operating Profit before working capital changes | 13,601.22 | 16,233.93 |
| Working capital adjustments: - | 25,446.78 | 29,479.64 |
| (Increase)/ decrease in trade receivables | 25,574.86 | (128,748.53) |
| (Increase)/ decrease in Inventories | (29,729.80) | 56,183.79 |
| (Increase)/ decrease in Other financial assets | | |
| (Increase)/ decrease in Other assets | | |
| Increase/ (decrease) in Current Assets | (1,260.60) | (2,761.37) |
| Increase/ (decrease) in Trade payables | (103,360.17) | (153.40) |
| (Increase)/ decrease in Other financial Liabilities | 2,409.63 | 18,965.99 |
| Increase/ (decrease) in Other liabilities | 1,580.15 | (2,303.09) |
| Cash generated from operations | (1,873.02) | (4,157.22) |
| Direct taxes paid | (81,212.17) | (33,494.19) |
| Net cash flow from operating activities (A) | (84,583.70) | (33,551.07) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ (Purchase) of Property, plant & equipment | 1,682.44 | 760.88 |
| Acquisition of subsidiary | | (9,527.00) |
| Loans (given)/recovered | | (5,000.01) |
| Interest received | (10,438.44) | (5,000.01) |
| Net cash flow from investing activities (B) | (8,756.00) | (13,766.13) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From issue of equity share capital | 61,200.00 | 60,650.00 |
| Proceeds from issue of Share Warrants | 5,400.00 | |
| Interest paid | (1,352.31) | (802.19) |
| Net proceeds from borrowings | 20,920.71 | 5,568.80 |
| Net cash flow from financing activities (C) | 86,168.40 | 65,416.61 |
| Net cash flow during the year (A + B + C) | (7,171.30) | 18,099.40 |
| Add: Opening cash and cash equivalents | 18,177.17 | 77.77 |
| Closing cash and cash equivalents | 11,005.87 | 18,177.17 |
| Components of cash and cash equivalents | | |
| Cash on hand | | |
| Balances with banks in current accounts | 3,554.80 | 1,371.62 |
| Total cash and cash equivalents (Note 9) | 7,451.07 | 16,805.55 |
| | 11,005.87 | 18,177.17 |

Notes to the Standalone financial statements

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pariek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



For and on behalf of the Board of Directors of
For A F Enterprises Ltd. A F ENTERPRISES LIMITED

Abhishek Singh
Director & CFO
DIN: 03603706

For A F Enterprises Ltd.
Santosh Kumar Kushawaha
Managing Director
DIN: 02994228
Director
For AF ENTERPRISES LIMITED
Payal Sachdeva
Company Secretary
PAN: BQEP1944R
COMPANY SECRETARY

New Delhi, the 27th day of May 2022

AUDITED CONSOLIDATED PROFIT AND LOSS FOR THE PERIOD ENDING 31ST MARCH, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2022

| REVENUE | Notes | (Rs. in '000) | |
|---|-------|--|--|
| | | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
| Revenue from operations | 21 | 485,753.85 | 377,010.25 |
| Other income | 22 | 24,302.28 | 1,077.17 |
| Total revenue (I) | | 510,056.13 | 378,087.42 |
| EXPENSES | | | |
| Cost of materials consumed | 23 | 95,791.55 | 18,352.42 |
| Purchase of stock in trade | 24 | 324,388.79 | 242,291.73 |
| Changes in inventories of stock in trade | 25 | 471.35 | 60,766.81 |
| Operating costs | 26 | 7,911.42 | 6,431.16 |
| Employee benefits expense | 27 | 21,557.87 | 8,634.81 |
| Finance cost | 28 | 1,593.95 | 802.19 |
| Depreciation expenses | 3 | 13,873.91 | 16,518.40 |
| Other expenses | 29 | 27,939.90 | 27,654.15 |
| Total expenses (II) | | 493,528.74 | 381,451.67 |
| Profit/ (loss) before exceptional items and tax (I-II) | | 16,527.39 | (3,364.25) |
| Exceptional items | 30 | - | 19,500.36 |
| Profit/ (loss) before tax | | 16,527.39 | 16,136.11 |
| Tax expense | | | |
| Current tax | | | |
| MAT tax | | (4,810.99) | (4,012.14) |
| Deferred tax | 16.2 | (41.41) | - |
| | | (508.39) | (1,600.73) |
| Profit/ (loss) after tax (III) | | 11,166.60 | 10,523.25 |
| OTHER COMPREHENSIVE INCOME | | | |
| A. (i) Items that will not be reclassified to profit or loss | | 73.46 | 29.74 |
| (ii) Income tax relating to items that will not be reclassified | | (18.49) | (7.49) |
| B. (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to | | - | - |
| Total Other Comprehensive Income (IV) | | 54.97 | 22.25 |
| Total Comprehensive Income (III+IV) | | 11,221.57 | 10,545.50 |
| Net Profit attributable to: - | | | |
| a) Owners of the parent | | 11,140.81 | 10,523.25 |
| b) Non controlling interest | | 25.79 | - |
| Other Comprehensive Income attributable to: - | | | |
| a) Owners of the parent | | 54.97 | 22.25 |
| b) Non controlling interest | | - | - |
| Total Comprehensive Income attributable to: - | | | |
| a) Owners of the parent | | 11,195.78 | 10,545.50 |
| b) Non controlling interest | | 25.79 | - |
| Earning per equity share (EPS) | | | |
| [nominal value of share Rs. 10] | | | |
| Basic (in Rs.) | | 1.04 | 2.16 |
| Diluted (in Rs.) | | 0.93 | 2.16 |
| Weighted Average No. of Equity Shares | | 10,771,171 | 4,861,034 |
| Weighted Average No. of Dilutive Equity Shares | | 11,971,171 | 4,861,034 |

Notes to the financial statements 1-44

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E
O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



New Delhi, the 27th May 2022

For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

For A F Enterprises Ltd.
Abhishek Singh
Director & CFO
DIN: 03603706

For A F Enterprises Ltd.

Santosh Kumar Kushwaha
Director
DIN: 02994228

Director
For A F ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K

COMPANY SECRETARY

AUDITED CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2022

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2022

| | Notes | (Rs. in '000') | |
|--|-------|--------------------------|--------------------------|
| | | As at 31st March 2022 | As at 31st March 2021 |
| ASSETS | | | |
| Non- current assets | | | |
| Property, plant and equipment | 3 | 40,348.55 | 55,145.35 |
| Goodwill | | 16,566.98 | 16,566.98 |
| Financial assets | | | |
| Loans | 4 | 40,711.59 | 27,039.39 |
| Other non current assets | 5 | 1,465.96 | 456.44 |
| Current Assets | | | |
| Inventories | 6 | 39,819.31 | 10,039.41 |
| Financial assets | | | |
| Trade receivables | 7 | 1,125,642.04 | 1,070,756.25 |
| Cash and cash equivalents | 8 | 11,714.93 | 18,337.17 |
| Loans | 9 | 2,236.95 | 5,497.94 |
| Other financial assets | | - | - |
| Current tax assets (net) | | - | - |
| Other current assets | 10 | 158,927.99 | 55,242.65 |
| Total | | 1,437,434.30 | 1,259,081.56 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 11 | 129,136.36 | 95,136.36 |
| Other equity | 12 | 56,122.98 | 12,327.20 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 13 | 65,075.82 | 34,325.62 |
| Other financial liabilities | 14 | 397.02 | 4,936.94 |
| Provisions | 15 | 729.13 | 878.76 |
| Deferred tax Liabilities (net) | 16 | 2,648.12 | 2,079.82 |
| Other non-current liabilities | | - | - |
| Non Controlling Interest | | (323.71) | (349.50) |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | 17 | - | 561.45 |
| Outstanding dues to micro enterprises and small enterprises | | 0 | 561.45 |
| Outstanding dues of creditors other than micro enterprises and small enterprises | | 1,023,471.31 | 947,028.27 |
| Other financial liabilities | 18 | 1,616.17 | 447.56 |
| Other current liabilities | 19 | 154,222.45 | 157,908.23 |
| Provisions | 20 | 1.34 | 1.54 |
| Current tax liabilities (net) | | 4,337.31 | 3,799.32 |
| Total | | 1,437,434.30 | 1,259,081.56 |
| Notes to the financial statements | 1-44 | | |

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

FOR V. N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



For A F Enterprises Ltd.

Abhishek Singh
Director & CFO
DIN: 03603706
Director

For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

Santosh Kumar Kushwaha
Director
DIN: 02994228

For AF ENTERPRISES LIMITED
Director

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K

COMPANY SECRETARY

New Delhi, the 27th May 2022

**AUDITED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDING 31ST
MARCH, 2022**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2022

| | (Rs. in '000') | |
|---|--|--|
| | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/ (loss) before tax and after extra- ordinary items | 16,527.39 | 16,235.77 |
| Adjustments for items: - | | |
| Derecognition of financial liability | (4,951.46) | - |
| Loss/Profit on sale of property, plant & equipment | (437.99) | (82.28) |
| Interest paid | 1,444.06 | 802.19 |
| Interest paid on advance tax | - | 44.63 |
| Interest received | - | - |
| Depreciation on Property, plant & equipment | 13,873.91 | 16,518.40 |
| Provision for gratuity | (75.92) | 352.61 |
| Operating Profit before working capital changes | 26,379.99 | 33,871.31 |
| Working capital adjustments: - | | |
| (Increase)/ decrease in trade receivables | (54,885.78) | (319,091.31) |
| (Increase)/ decrease in Inventories | (29,779.90) | 56,183.79 |
| (Increase)/ decrease in Other financial assets | - | - |
| (Increase)/ decrease in Other assets | (1,255.60) | (2,761.37) |
| Increase/ (decrease) in Current Assets | (103,571.61) | (153.40) |
| Increase/ (decrease) in Trade payables | 80,168.42 | 205,738.63 |
| Increase/ (decrease) in other current Liabilities | 235.54 | - |
| (Increase)/ decrease in Other financial Liabilities | (3,683.47) | (2,303.09) |
| Increase/ (decrease) in Other liabilities | (1,206.61) | (2,206.76) |
| Cash generated from operations | (87,599.02) | (30,722.20) |
| Direct taxes paid | (4,232.93) | (256.87) |
| Net cash flow from operating activities (A) | (91,831.95) | (30,979.06) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ (Purchase) of Property, plant & equipment | 1,360.88 | 438.63 |
| Acquisition of subsidiary | - | (9,527.00) |
| Loans (given)/recovered | (10,411.21) | (5,000.00) |
| Interest received | - | - |
| Net cash flow from investing activities (B) | (9,050.33) | (14,088.37) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Issue of equity Share Capital | 61,200.00 | 60,650.00 |
| Proceeds From Issue of Share Warrants | 5,400.00 | - |
| Interest paid | (1,352.31) | (802.19) |
| Net proceeds from borrowings | 29,012.35 | 2,250.79 |
| Net cash flow from financing activities (C) | 94,260.04 | 62,098.60 |
| Net cash flow during the year (A + B + C) | (6,622.24) | 17,031.18 |
| Add: Opening cash and cash equivalents | 18,337.17 | 1,305.99 |
| Closing cash and cash equivalents | 11,714.92 | 18,337.17 |
| Components of cash and cash equivalents | | |
| Cash on hand | 4,044.79 | 1,454.15 |
| Balances with banks in current accounts | 7,670.13 | 16,883.02 |
| Total cash and cash equivalents (Note 9) | 11,714.92 | 18,337.17 |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E


O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



For A F Enterprises Ltd. For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED


Director
Abhishek Singh
Director & CFO
DIN: 03603706


For A F Enterprises Ltd.
Director
Santosh Kumar Kushwaha
Director
DIN: 02994228

For AF ENTERPRISES LIMITED
Payal Sachdeva
Company Secretary
PAN: BMFPA2964K

COMPANY SECRETARY

New Delhi, the 27th May 2022

UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2022

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED ON 30TH SEPTEMBER, 2022 - IND-AS COMPLIANT

| Particulars | (Rupees in Lakh) | | | | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------|--------------------------|--|
| | Three Months Ended for | | | Half Year Ended | | Year Ended |
| | CURRENT QUARTER | PREVIOUS QUARTER | CORRESPONDING QUARTER | YEAR TO DATE FIGURES | YEAR TO DATE FIGURES | YEAR TO DATE FIGURES FOR PREVIOUS YEAR |
| | 01.07.2022 to 30.09.2022 (Rs.) | 01.04.2022 to 30.06.2022 (Rs.) | 01.07.2021 to 30.09.2021 (Rs.) | 01.04.2022 to 30.09.2022 | 01.04.2021 to 30.09.2021 | 01.04.2021 to 31.03.2022 (Rs.) |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 Income | | | | | | |
| (a) Revenue from Operations | 69.81 | 208.65 | 102.11 | 278.46 | 279.75 | 2,391.86 |
| (b) Other Income | 91.66 | 385.72 | 1.14 | 477.37 | 87.95 | 241.01 |
| TOTAL INCOME | 161.47 | 594.36 | 103.25 | 755.83 | 367.70 | 2,632.87 |
| 2 Expenses | | | | | | |
| (a) Cost of materials consumed | 22.57 | 219.25 | (6.21) | 241.82 | 121.16 | 957.92 |
| (b) Purchases of Stock-in-Trade | - | - | - | - | - | 895.12 |
| (c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 1.39 | 4.07 | 2.89 | 5.46 | 3.37 | 5.21 |
| (d) Operating expense | 6.68 | 47.24 | 42.64 | 53.92 | 89.71 | 79.11 |
| (e) Employee benefits expense | 15.11 | 14.74 | 122.08 | 29.85 | 136.21 | 165.49 |
| (f) Finance Cost | 1.38 | 0.17 | 0.97 | 1.55 | 2.16 | 13.52 |
| (g) Depreciation and amortization expense | 18.77 | 22.34 | 30.54 | 41.11 | 70.03 | 136.01 |
| (h) Other Expenses | (13.78) | 125.48 | 12.51 | 111.70 | 25.38 | 222.81 |
| TOTAL EXPENSES | 52.12 | 433.30 | 205.42 | 485.41 | 448.02 | 2,475.19 |
| 3 Profit/(loss) before exceptional items and tax(1-2) | 109.34 | 161.07 | (102.17) | 270.42 | (80.32) | 157.68 |
| 4 Exceptional Items | - | 130.75 | - | 130.75 | - | - |
| 5 Profit/(loss) before tax (3-4) | 109.34 | 291.82 | (102.17) | 401.17 | (80.32) | 157.68 |
| 6 Tax Expense | | | | | | |
| (a) Current Tax | (174.63) | 73.66 | (5.50) | (100.97) | - | 48.99 |
| (b) Deferred Tax | (0.45) | 0.20 | 7.18 | -0.25 | (7.18) | 5.08 |
| (c) MAT | - | - | - | - | - | - |
| Total tax expense | (175.08) | 73.86 | 1.68 | (101.22) | (7.18) | 54.07 |
| 7 Profit after tax (5-6) | 284.42 | 217.96 | (103.85) | 299.95 | (87.49) | 103.60 |
| 8 Other Comprehensive Income | | | | | | |
| (a) (i) Items that will not be reclassified to profit or loss | - | - | - | - | - | 0.73 |
| (ii) Income tax related to items that will not be reclassified to profit or loss | - | - | - | - | - | (0.18) |
| (b) (i) Items that will be reclassified to profit or loss | - | - | - | - | - | - |
| (ii) Income tax related to items that will be reclassified to profit or loss | - | - | - | - | - | - |
| Total other comprehensive income, net of tax | - | - | - | - | - | - |
| 9 Total comprehensive income for the year (7+8) | 284.42 | 217.96 | (103.85) | 299.95 | (87.49) | 0.55 |
| 10 Pad up equity share capital (face value of Rs. 10) | | | | | | 104.15 |
| 11 Reserve excluding Revaluation Reserves as per Balance sheet of Previous Accounting year | 1,291.36 | 1,291.36 | 951.36 | 1,291.36 | 951.36 | 1,291.36 |
| | 67.91 | 553.42 | 124.27 | 67.91 | 124.27 | 123.27 |
| 12 Earning per share (not annualised) | | | | | | |
| Basic (in Rs.) | 2.20 | 1.69 | (1.09) | 2.32 | (0.87) | 0.96 |
| Diluted (in Rs.) | 2.20 | 1.69 | (0.07) | 2.32 | (0.62) | 0.87 |

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2022

Statement of Unaudited Consolidated Financial Result for the quarter and half year ended on 30th September, 2022

| S. No. | Particulars | Quarter ended | | | Half Year Ended | Year ended |
|--------|---|---------------------|----------------|---------------------|---------------------|-----------------|
| | | 30th September 2022 | 30th June 2022 | 30th September 2021 | 30th September 2022 | 31st March 2022 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | Income | | | | | |
| (a) | Revenue From Operations | 69.81 | 208.65 | 102.11 | 278.46 | 4,857.54 |
| (b) | Other Income | 91.66 | 385.73 | 1.14 | 477.39 | 243.02 |
| | Total Income | 161.47 | 594.37 | 103.25 | 755.84 | 5,100.56 |
| 2 | EXPENSES | | | | | |
| (a) | Cost of materials consumed | 22.57 | 219.25 | (6.21) | 241.82 | 957.92 |
| (b) | Operating expenses | 6.68 | 47.24 | 42.64 | 53.92 | 79.11 |
| (c) | Purchases of Stock-in-Trade | - | - | 0.44 | - | 3,243.89 |
| (d) | Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 1.39 | 4.07 | 2.89 | 5.46 | 4.71 |
| (e) | Employee benefits expense | 48.45 | 28.36 | 134.33 | 76.81 | 215.58 |
| (f) | Finance Cost | 1.38 | 0.17 | 4.25 | 1.55 | 15.94 |
| (g) | Depreciation and amortization expense | 19.46 | 23.02 | 31.25 | 42.48 | 138.74 |
| (h) | Other expenses | (1.99) | 143.64 | 24.82 | 141.65 | 279.40 |
| | Total expenses | 97.94 | 465.75 | 234.41 | 563.69 | 4,935.29 |
| 3 | Profit/(loss) before exceptional items and tax (1-2) | 63.54 | 128.62 | (131.16) | 192.16 | 165.27 |
| 4 | Exceptional Items | - | 130.75 | - | 130.75 | - |
| 5 | Profit/(loss) before tax (3-4) | 63.54 | 259.37 | (131.15) | 322.91 | 165.27 |
| 6 | Tax expense: | | | | | |
| (a) | Current tax | (27.31) | (73.66) | (1.15) | (100.97) | 48.11 |
| (b) | MAT | - | - | - | - | 0.41 |
| (c) | Deferred tax | (0.05) | (0.20) | 7.18 | (0.25) | 5.08 |
| | Total expense tax | (27.35) | (73.86) | 6.04 | (101.21) | 53.60 |
| 7 | Profit after tax (5-6) | 36.19 | 185.50 | (137.19) | 221.69 | 111.67 |
| 8 | Other Comprehensive Income | | | | | |
| (a) | (i) Items that will not be reclassified to profit or loss | - | - | - | - | 0.73 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - | (0.18) |
| (b) | (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| | Total Comprehensive income, net of tax | 36.19 | 185.50 | (137.19) | 221.69 | 112.22 |
| 9 | Total comprehensive income for the year (7+8) | 36.19 | 185.50 | (137.19) | 221.69 | 112.22 |
| | Net profit attributable to: | | | | | |
| (a) | Owners of the Company | 38.36 | 187.04 | (130.70) | 225.40 | 111.41 |
| (b) | Non-Controlling Interest | (2.16) | (1.54) | (6.49) | (3.70) | 0.26 |
| | Other comprehensive income attributable to: | | | | | |
| (a) | Owners of the Company | - | - | - | - | 0.55 |
| (b) | Non-Controlling Interest | - | - | - | - | - |
| | Total comprehensive income attributable to: | | | | | |
| (a) | Owners of the Company | 38.36 | 187.04 | 3.26 | 225.40 | 111.96 |
| (b) | Non-Controlling Interest | (2.16) | (1.54) | 0.16 | (3.70) | 0.26 |
| 10 | Paid up equity share capital (face value of Rs. 10) | 1,291.36 | 1,291.36 | 1,011.36 | 1,291.36 | 1,291.36 |
| 11 | Reserve excluding Revaluation Reserves as per Balance Sheet of Previous Accounting Year | 561.23 | 561.23 | 124.27 | 561.23 | 124.27 |
| 12 | Earnings per equity share for the period (not annualised)- for continuing operation: | | | | | |
| (1) | Basic (Rs.) | 0.28 | 1.41 | (1.36) | 1.72 | 1.04 |
| (2) | Diluted (Rs.) | 0.19 | 1.31 | (0.97) | 1.16 | 0.93 |
| XVII | Earnings per equity share (for discontinued operation): | | | | | |
| (1) | Basic | - | - | - | - | - |
| (2) | Diluted | - | - | - | - | - |
| XVIII | Earnings per equity share (for discontinued & continuing operations) | | | | | |
| (1) | Basic | 0.28 | 1.44 | (1.36) | 1.72 | 1.04 |
| (2) | Diluted | 0.19 | 1.31 | (0.97) | 1.16 | 0.93 |



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

GENERAL INFORMATION

Our Company was originally incorporated as "A F Investment Private Limited" a private limited company vide a certificate of incorporation dated August 18, 1983, issued by the Registrar of Companies, NCT of Delhi & Haryana, under the provisions of the Companies Act, 1956. Subsequently, our Company was converted into a public limited company, following which the name was changed to "AF Investment Limited" and a fresh certificate of incorporation was issued on November 24, 1983 by the Registrar of Companies, Delhi & Haryana. Subsequently, the name of our Company was changed to "A F Enterprises Limited" and a fresh certificate of incorporation consequent on change of name dated May 14, 1991, was issued by, the Registrar of Companies, Delhi & Haryana.

OFFICE(S) OF OUR COMPANY

REGISTERED OFFICE

A F ENTERPRISES LIMITED

DSM-334, DLF Towers Shivaji Marg, Delhi Central Delhi DL 110015

CIN: L18100DL1983PLC016354

Email: info.afenterprises@gmail.com / cs@ridh.in

Website: www.afenterprisesltd.in

Tel: +91-7428399452

FACTORY CUM CORPORATE OFFICE:

Address: Plot No. 8, Sector-5, Main Mathura Road, Ballabgarh Faridabad, Haryana-121006

Tel No.: +91-9311551026

e-mail: info@ridh.in

website: www.ridh.in

Contact Person: Mr. Abhishek Singh

ADDRESS OF REGISTRAR OF COMPANIES

Registrar of Companies, Delhi

Address: 4th Floor, IFCI Tower, 6 Nehru Place, New Delhi-110019

Tel No.: 011-26235703

e-mail: roc.delhi@mca.gov.in

CHANGES IN REGISTERED OFFICE

There is no change in the registered office of the Company in last five years from the date of this Draft Letter of offer.

BOARD OF DIRECTORS OF OUR COMPANY

| NAME | DESIGNATION | DIN | PAN | ADDRESS |
|--------------------------------|-------------------|----------|------------|---|
| Mr. Santosh Kumar Kushawaha | Managing Director | 02994228 | AQOPK3040N | 395, 2nd Floor, 46, Near Vardhman Public School, Amarnagar, Faridabad, Haryana-121003. |

| NAME | DESIGNATION | DIN | PAN | ADDRESS |
|--------------------|--|----------|------------|---|
| Mr. Abhishek Singh | Whole Time Director & CFO | 03603706 | BWXP8369G | 3rd Floor, G1/244, Indra Enclave Sector-21d, St. Luke High School, Faridabad, Haryana-121001. |
| Mr. Amit Thakur | Non-Executive Director | 09715772 | BBIPT3325B | H.No. 205, Sector-37, Noida, Gautam Budha Nagar, Uttar Pradesh-201303. |
| Mr. Vikram Sharma | Non-Executive Director | 09683486 | AYEPS9261R | E-43, Block-E, Tagore Garden Extension, Tagore Garden, Delhi-110027 |
| Mr. Tinku Kathuria | Non-Executive and Independent Director | 08699650 | AOTPT0798M | House No. 1740, Ward No. 5, Jawahar Colony, Faridabad-121001. |
| Ms. Preeti | Non-Executive and Independent Director | 09662113 | CQSPP2363K | 3rd - F-27, Nehru Nagar, Ghaziabad, Uttar Pradesh-201001 |

For more details, please see the section titled "Our Management" on page 95 of this Draft Letter of Offer.

COMPANY SECRETARY & COMPLIANCE OFFICER:

Ms. Payal Sachdeva

Plot No.8, Sector-5, Main Mathura Road, Faridabad, Haryana-121006

Email: cs@ridh.in

Website: www.afenterprisesltd.in

Tel: +91-9311551023

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), 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). For details on the ASBA process, see "Terms of the Issue" beginning on page 128 of this Draft Letter of Offer.

CHIEF FINANCIAL OFFICER:

Mr. Abhishek Singh

Plot No.8, Sector-5, Main Mathura Road, Faridabad, Haryana-121006

Email: info.afenterprises@gmail.com

Website: www.afenterprisesltd.in

Tel: +91- 7428399452

ADVISOR TO THE ISSUE:

Navigant Corporate Advisors Limited
423, A Wing, Bonanza, Sahar Plaza Complex,
J B Nagar, Andheri Kurla Road,
Andheri East, Mumbai-400 059
Tel.No. +91-22-41204837/49735078
Email Id- navigant@navigantcorp.com
Investor Grievance Email: info@navigantcorp.com
Website: www.navigantcorp.com
SEBI Registration Number: INM000012243
Contact Person: Mr. Sarthak Vijlani

REGISTRAR TO THE ISSUE

Skyline Financial Services Private Limited
D-153A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020.
Tel No.: 011-26812682, 40450193.
Website: www.skylinerta.com
E-mail ID: admin@skylinerta.com/ info@skylinerta.com
Contact Person: Mr. Virendra Rana
SEBI Registration No: INR000003241

STATUTORY AUDITORS:

M/s. V N Purohit & Co.
Chartered Accountants
214, New Delhi House, 27, Barakhamba Road, New Delhi-110001
Email: vnpdelhi@vnpaudit.com
Phone: 01143596011
Contact Person: Mr. O.P. Pareek, Partner

EXPERT OPINION

Our Company has obtained expert opinion on Taxation and Financial matters from M/s. CAAN & Associates.

BANKER TO THE ISSUE AND REFUND BANK:

[•]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. Details relating to Designated Branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Credit rating

This being a Rights Issue of Equity Shares, no credit rating is required.

Debenture Trustee

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

Monitoring Agency

Since the size of the Issue is less than Rs. 10,000 Lakh, our Company is not required to appoint a monitoring agency.

Appraising Agency

None of the purposes for which the Net Proceeds are proposed to be utilized have been appraised by any bank or financial institution.

Underwriting

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

Minimum Subscription

The objects of the Issue are meeting the Working Capital Requirements and General Corporate Purpose, and do not involve financing of capital expenditure for a project.

Further, Promoter of our Company have, vide their letters dated 29th December, 2022 ("Subscription Letters") indicated their intention to subscribe, jointly and / or severally in part or to the full extent of their Rights Entitlement (including any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company). Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

However, Promoter of our Company have, vide Subscription Letter have also indicated that they may renounce their Right Entitlements and that they reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

Accordingly, in case, Our promoter do not subscribe fully to their portion of rights entitlement (including any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company) and renounce their rights in part or in full, then in terms of Regulation 86 of the

SEBI ICDR Regulations, our Company would require to achieve minimum subscription of at least 90% of the issue.

FILLING OF THIS DRAFT LETTER OF OFFER:

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

ISSUE SCHEDULE:

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

| | |
|---|-----|
| Issue Opening Date | [●] |
| Last Date of Market renunciation of rights entitlements# | [●] |
| Issue Closing Date* | [●] |

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

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

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

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. For details on submitting Application Forms, see "Terms of the Issue - Process of making an Application in the Issue" beginning on page 130 of this Draft Letter of Offer.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.skylinerta.com after keying in their respective details along with other security control measures implemented thereat. For further details, see "Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders" beginning on page 142 of this Draft Letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before



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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.

CAPITAL STRUCTURE

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

(Rs. in Lakh, except the shares data)

| | Particulars | Aggregate value at face value | Aggregate value at Issue Price |
|-----------|--|-------------------------------|--------------------------------|
| A. | AUTHORIZED SHARE CAPITAL | | |
| | 4,10,00,000 Equity Shares of Rs. 10 each | 4,100.00 | - |
| B. | ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE | | |
| | 1,41,13,636 Equity Shares of Rs. 10 each | 1,411.36 | - |
| C. | PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS THROUGH THIS DRAFT LETTER OF OFFER ⁽¹⁾ | | |
| | Upto [●] Equity Shares at an Issue Price of Rs. [●] per Equity Share | [●] | [●] |
| D. | ISSUED, SUBSCRIBED AND PAID UP CAPITAL AFTER THE ISSUE ⁽²⁾ | | |
| | Upto [●] Equity Shares of face value of Rs. 10 each fully paid up | [●] | [●] |
| E. | SECURITIES PREMIUM ACCOUNT | | |
| | Before the Issue | | Nil |
| | After the Issue | | [●] |

(1) The Issue has been authorized by a resolution of our Board passed at its meeting held on 29th December, 2022 pursuant to Section 62 of the Companies Act, 2013.

(2) Assuming full subscription for and allotment of the Rights Entitlement.

Notes to the Capital Structure:

- Our Company does not have any employee stock option scheme or employee stock purchase scheme.
- As on the date of this Draft Letter of Offer, there are outstanding 50,00,000 Equity Share Warrants which provides the right to convert the Equity Share warrants into Equity Shares.

3. Shareholding of Promoter and Promoter Group:

The details of specified securities held by the Promoter and Promoter Group including the details of lock-in, pledge and encumbrance on such securities as on the date of this Draft Letter of Offer are set forth hereunder:

| Sr. No. | Name of Promoter Promoter Group | Category | No. of Equity Shares held | % of total share capital | Details of Equity Shares pledged/ encumbered | | Details of Equity Shares locked-in | |
|---------|---------------------------------|----------|---------------------------|--------------------------|--|--------------------------|------------------------------------|--------------------------|
| | | | | | No. of Equity Shares | % of total share capital | No. of Equity Shares | % of total share capital |
| 1. | RMS Mosquito Private Limited | Promoter | 8,07,600 | 5.72 | - | - | - | - |

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

4. None of our Promoter or Promoter Group have acquired any securities in the last one year, immediately preceding the date of filing of this Letter of Offer.

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

The Promoter of our Company have, vide their letters dated 29th December, 2022 (" Subscription Letters ") indicated their intention to subscribe, jointly and / or severally in part or to the full extent of their Rights Entitlement (including any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company) and that they may renounce their Right Entitlements.

Further, Promoter of our Company has, vide Subscription Letter, expressed that they reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Additional Rights Equity Shares by the Promoter and Promoter Group, if any, shall not result in change in control of the management of the Company and shall be in accordance with the provisions of the SEBI Takeover Regulations and shall not result in breach of the minimum public shareholding requirements stipulated under the SEBI Listing Regulations.

As such, other than meeting the requirements indicated in the chapter titled "Objects of the Issue" at page 62 of this Draft Letter of Offer, there is no other intention / purpose for the Issue, including any intention to delist our Equity Shares, even if, as a result of any allotment in the Issue to our Promoter and / or the members of our Promoter Group, the shareholding of our Promoter and / or Promoter Group in our Company exceeds their current shareholding.

In case the Rights Issue remains unsubscribed and / or minimum subscription is not achieved, the Board of Directors may dispose of such unsubscribed portion in the best interest of the Company and the Equity Shareholders and in compliance with the applicable laws.

6. All the Equity Shares of our Company are fully paid-up as on the date of this Draft Letter of Offer. Further, the Equity Shares offered in the Rights Issue shall be made fully paid at the time of their allotment.

7. At any given time, there shall be only one denomination of the Equity Shares of our Company, excluding any equity shares with superior rights, if any, issued by our Company.
8. The ex-rights price per Equity Share arrived in accordance with Regulation 10(4)(b) of the SEBI Takeover Regulations is [●].
9. The details of the shareholders holding more than 1% of the share capital of the Company as on September 30, 2022 are as under:

| Sr. No. | Name of Shareholders | No. of Equity Shares held | % of total share capital |
|---------|--|---------------------------|--------------------------|
| 1 | Rishan Singh Keer | 10,00,000 | 7.74 |
| 2 | Anuva Kaur Keer | 10,00,000 | 7.74 |
| 3 | Shashi Rawat | 8,85,571 | 6.86 |
| 4 | Anjaneyaputra Human Resource Consultancy Pvt. Ltd. | 8,53,417 | 6.61 |
| 5 | Rms Mosquito Private Limited | 8,07,600 | 6.25 |
| 6 | RDS Corporate Services Private Limited | 8,00,000 | 6.2 |
| 7 | Rakesh Rawat | 6,97,570 | 5.4 |
| 8 | Sahil Arora | 6,50,000 | 5.03 |
| 9 | Sandeep Arneja | 5,98,607 | 4.64 |
| 10 | Shagun Ajmani | 5,13,636 | 3.98 |
| 11 | Santosh Kumar Kushawaha | 3,00,000 | 2.32 |
| 12 | Dhwaja Commodity Services Private Limited | 1,96,724 | 1.52 |

10. Shareholding Pattern of our Company

Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchange, i.e., as on September 30, 2022 can be accessed on the website of the BSE respectively at <https://www.bseindia.com/stock-share-price/af-enterprises-ltd/afel/538351/qtrid/115.00/shareholding-pattern/Sep-2022/>

The statement showing the holding of Equity Shares of persons belonging to the category “Promoter and Promoters Group” as on September 30, 2022 can be accessed on the website of the BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=538351&qtrid=115.00&QtrName=Sep-22>

The Statement of showing the details of shares pledged, encumbrance by promoters and promoter group as on September 30, 2022 can be accessed on the website of the BSE at <https://www.bseindia.com/stock-share-price/af-enterprises-ltd/afel/538351/qtrid/115.00/shareholding-pattern/Sep-2022/>

OBJECTS OF THE ISSUE

Our Company proposes to utilize the net proceeds from the Issue towards funding the following objects.

1. To part finance the requirement of Working Capital;
2. To meet General corporate purposes;
3. To meet the expenses of the Issue.

Collectively, referred herein as the "objects".

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

Utilization of Net Proceeds

The details of the proceeds of the Issue are summarized below:

(Rs. In Lacs)

| S. No. | Particulars | Amounts* |
|--------|--------------------------------|--------------|
| 1) | Gross Proceeds | Upto 4000.00 |
| 2) | (Less) Issue related expenses* | [●]* |
| 3) | Net Proceeds | [●]* |

* To be finalized on determination of Issue Price.

FUND REQUIREMENTS

We intend to utilise the Net Proceeds from the Issue, in the manner set below:

(Rs. In lacs)

| S.No. | Particulars | Amounts | % of gross proceeds | % of Net proceeds |
|-------|---|--------------|---------------------|-------------------|
| 1. | To part finance the requirement of Working Capital. | Upto 3000.00 | [●]* | [●]* |
| 2. | To meet General corporate purposes | [●]* | [●]* | [●]* |
| 3. | To meet the expenses of the Issue | [●]* | [●]* | [●]* |
| | Total | [●]* | [●]* | [●]* |

* To be finalized on determination of Issue Price.

Schedule of implementation/ Utilization of Issue Proceeds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects as follows:

(Rs. In lacs)

| Sr. No. | Particulars | Amount Proposed to be Deployed from Issue Proceeds | Estimated Schedule of Deployment of Net Proceeds | |
|---------|---|--|--|------------|
| | | | FY 2022-23 | FY 2023-24 |
| 1. | To part finance the requirement of Working Capital. | Upto 3000.00 | [●]* | [●]* |

| Sr. No. | Particulars | Amount Proposed to be Deployed from Issue Proceeds | Estimated Schedule of Deployment of Net Proceeds | |
|---------|-------------------------------------|--|--|------------|
| | | | FY 2022-23 | FY 2023-24 |
| 2. | To meet General corporate purposes. | [●]* | [●]* | [●]* |
| 3. | To meet the expenses of the Issue. | [●]* | [●]* | [●]* |
| | Total | [●]* | [●]* | [●]* |

* To be finalized on determination of Issue Price.

To the extent our Company is unable to utilize any portion of the Net Proceeds towards the Objects, as per the estimated schedule of deployment specified above, Our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the Objects.

MEANS OF FINANCE:

The fund requirements set out below are proposed to be funded from the Net Proceeds and internal accruals. We confirm that we are in compliance with the 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 through the Net Proceeds and existing identifiable internal accruals.

The fund requirement and deployment is based on internal management estimates and our Company's current business plan and is subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution.

Any amount, deployed by our Company out of internal accruals towards the aforementioned objects till the date of receipt of Issue Proceeds shall be recouped by our Company from the Issue Proceeds of the Issue. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

As we operate in competitive environment, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects. For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "Risk Factors" beginning on page 25 of this Draft Letter of offer.

DETAILS OF THE OBJECTS

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

1. TO PART FINANCE WORKING CAPITAL REQUIREMENTS OF THE COMPANY.

Our Business is a working capital intensive industry. The increasing operations of our company will in turn lead to the increase in the requirement of working capital. The lead time for procuring the products

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is high and also in order to ensure readily available customized product along with a low lead time for our clients, we enjoy a lower credit period. Further, we are required to provide sufficient credit period to our clients resulting in high receivables and we enjoy minimum credit from our suppliers through against the same. We intend to increase our turnover over the years for which we would be required to provide extended credit period to our customers, but the credit period that we avail from our suppliers shall not increase substantially. This would require us to have adequate working capital to ensure a smooth and uninterrupted flow of our business operations. Accordingly, we expect a further increase in the working capital requirements in view of current and potential business operations that we may undertake.

Accordingly, we expect a further increase in the working capital requirements in view of current and potential business operations that we may undertake. Accordingly, we have proposed to use upto Rs. 3,000.00 Lakhs out of the issue proceeds to meet the working capital requirements.

(Rs. In lacs)

| Sr. No. | Particulars | 31.03.2022 | | 31.03.2023 | | 31.03.2024 | |
|-----------|---|------------------------|---------------|-----------------|---------------|-----------------|---------------|
| | | Audited & Consolidated | Holding level | Projected | Holding Level | Projected | Holding Level |
| A. | Current Assets | | | | | | |
| | Inventories | 398.19 | 25-30 | 477.83 | 30-35 | 549.50 | 30-35 |
| | Trade receivables | 11256.42 | 35-40 | 13507.70 | 40-45 | 15533.86 | 40-45 |
| | Other current assets, financial assets, income tax assets | 2135.91 | - | 2563.09 | - | 2947.56 | - |
| | Total Current Assets | 13790.52 | - | 16548.62 | - | 19030.92 | - |
| B. | Current Liabilities | | | | | | |
| | Trade payables | 10234.71 | 25-30 | 11258.18 | 25-30 | 12384.00 | 25-30 |
| | Other current liabilities & Provisions | 1601.76 | - | 1761.94 | - | 1938.13 | - |
| | Total Current Liabilities | 11836.47 | - | 13020.12 | - | 14322.13 | - |
| C. | Working Capital Gap (A-B) | 1954.05 | - | 3528.51 | - | 4708.79 | - |
| D. | Borrowings | 650.76 | - | [●]* | - | [●]* | - |
| E. | Owned Funds/Internal Accruals | 1303.29 | - | [●]* | - | [●]* | - |
| F. | Working Capital funding through Issue Proceeds | - | - | [●]* | - | [●]* | - |

As per our estimates we would require upto Rs. 3000.00 Lakhs out of the issue proceeds to meet the working capital requirements.

Justification of Holding Level

| | |
|--------------------|--|
| Inventories | We have Inventories holding period of around 25-30 days in financial year 2021-22 against which is slightly higher than previous year's holding period and as we are expecting increase in our revenues from the sale of goods and |
|--------------------|--|

| | |
|--------------------------|---|
| | therefore, expect to hold more inventories. We are confident enough that inspite of increased capacity and sales, we will be able to maintain our inventory at same level of days consumption. |
| Trade Receivables | We have assumed Trade Receivable holding period level of 35-40 days in financial year 2021-22 and as we are expecting to allow more lenient credit period to our clients. Our Company has estimated the holding level for Trade Receivable as 45 days of revenue from operations for the Financial Year 2022-23 and 2023-24, considering normal credit period. |
| Trade Payables | In financial year 2021-22, Our payable's credit period was around 25-30 days as our company strive to adhere to stricter credit policy to achieve better and favourable pricing terms and to ensure continued relations with the existing suppliers. By making early payments to the suppliers (i.e. availing lower credit periods), the company shall be able to get competitive prices for its raw materials which would result in a reduction in the raw material cost as a percentage of sales thereby increasing the profitability of the Company. Thus the Company has estimated lower credit period of 25-30 days in a FY 2022-23 and FY 2023-24 which would in turn help in reducing the cost of sales and improve profitability margins. |

2. TO FINANCE THE GENERAL CORPORATE PURPOSE.

The Net Proceeds will first be utilized towards the Objects set out above, as well as meeting the Issue-related expenses. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds of Rs. [●]* Lacs towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time. We confirm that utilization for general corporate purposes will not exceed 25% of the Gross Proceeds of the Issue.

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

- Strategic initiatives, including investments or acquisitions, from time to time;
- Brand building, promotional and outreach activities;
- Strengthening our infrastructure and systems and processes, in-house training initiatives, etc.;
- Repayment of present or future loans;
- Research and Development;
- Ongoing general corporate purposes or exigencies, as approved by the Board, subject to compliance with applicable law.

Our management will have flexibility in utilizing any amounts for general corporate purposes in accordance with policies of our Board. The quantum of utilization of funds towards any of the purposes mentioned above will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

** To be finalized on determination of Issue Price.*

ISSUE RELATED EXPENSES

The expenses for this Issue include issue management fees, underwriting fees, registrar fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs. [●]* Lacs.

| Particulars | Amount (Rs. in Lacs) | % of Total Issue Expenses | % of Total Issue Size |
|---|----------------------|---------------------------|-----------------------|
| Issue management fees, selling commissions, brokerages, Payment to other intermediaries such as Registrars etc. | [●]* | [●]* | [●]* |
| Printing & Stationery, Distribution, Postage, etc. | [●]* | [●]* | [●]* |
| Advertisement & Marketing Expenses | [●]* | [●]* | [●]* |
| Regulatory & other expenses | [●]* | [●]* | [●]* |
| Miscellaneous Expenses | [●]* | [●]* | [●]* |
| Total | [●]* | [●]* | [●]* |

* To be finalized on determination of Issue Price.

Details of funds already deployed till date and sources of funds deployed

The funds deployed up to 15th December, 2022 pursuant to the object of this Issue as certified by the Auditors of our Company, viz. M/s. V N Purohit & Co., Chartered Accountants pursuant to their certificate dated 29th December, 2022 is given below:

| Deployment of funds | Amount (Rs. In Lacs) |
|--------------------------|----------------------|
| Issue Related Expenses | - |
| Objects Related Expenses | - |
| Total | - |

| Sources of funds | Amount (Rs. In Lacs) |
|-------------------|----------------------|
| Internal Accruals | - |
| Bank Finance | - |
| Total | - |

BRIDGE FINANCING

We have not entered into any bridge finance arrangements that will be repaid from the Net Issue Proceeds.

APPRAISAL BY APPRAISING AGENCY

None of the Objects have been appraised by any bank or financial institution or any other independent third party organization.

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 Net Proceeds. Pending utilization of the Issue Proceeds for the Objects of the

Issue described above, our Company shall deposit the funds only in Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilisation of the proceeds of the Issue as described above, it shall not use the funds from the Issue Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products.

MONITORING UTILIZATION OF FUNDS

As the size of the Issue does not exceed Rs. 10,000 lakhs, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on a Quarterly yearly basis disclose to the Audit Committee the uses and application of the Issue Proceeds. Until such time as any part of the Issue Proceeds remains unutilized, our Company will disclose the utilization of the Issue Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Issue Proceeds have been utilized so far, and details of amounts out of the Issue Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Issue Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Issue Proceeds in a Fiscal Year, we will utilize such unutilized amount in the next financial year.

Further, in accordance with Regulation 32(1) (a) of the Listing Regulations our Company shall furnish to the Stock Exchange on a Quarterly basis, a statement indicating material deviations, if any, in the utilization of the Issue Proceeds for the objects stated in this Draft Letter of offer.

CONFIRMATION REGARDING PURCHASE OF SECOND-HAND EQUIPMENT AND MACHINERY

No second-hand equipment and machinery is proposed to be purchased by our Company from the Net Proceeds.

OTHER CONFIRMATIONS

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, the Directors, associates or Key Management Personnel, except as stated above and in the normal course of business and in compliance with applicable.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS AS PER THE CERTIFICATE ISSUED BY STATUTORY AUDITORS OF THE COMPANY

To,
The Board of Directors,
AF Enterprises Limited
DSM-334, DLF Towers, Najafgarh Road,
Moti Nagar, New Delhi-110015

Dear Sirs,

Subject: Proposed Rights Issue of equity shares with a Face value of Rs. 10/- each by AF Enterprises Limited (the "Company") (the "Issue")

We hereby confirm that the enclosed statement states the possible special direct tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 ("Act") as amended from time to time, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

This statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the rights issue of equity shares of the Company 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. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company. We do not express any opinion or provide any assurance as to whether:

- i) the Company or its shareholders will continue to obtain these benefits in future; or
- ii) the conditions prescribed for availing the benefits have been/would be met with

This statement is intended solely for information and for inclusion in the Draft Letter of Offer in relation to the Issue of equity shares of the Company and is not to be used, circulated or referred to for any other purpose without our prior written consent. Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time.



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

For M/s. V N Purohit & Co.
Chartered Accountants
Firm Registration No.: 304040E
Sd/-
CA O. P. Pareek
Partner
M. No. 014238
Date: 29th December, 2022
Place: New Delhi

Annexure**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA****I Special Tax Benefits available to the Company under the Act:**

There are no special tax benefits available to the Company.

II. Special Tax Benefits available to the Shareholders under the Act:

There are no special tax benefits available for the shareholders of the Company under the provisions of the Act.

For M/s. V N Purohit & Co.
Chartered Accountants
Firm Registration No.: 304040E
Sd/-
CA O. P. Pareek
Partner
M. No. 014238
Date: 29th December, 2022
Place: New Delhi

SECTION V: ABOUT OUR COMPANY

OUR INDUSTRY

The information contained in 'Industry Overview' in this section is derived from publicly available sources. Neither we, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

Shareholders should note that this is only a summary of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, shareholders should read this entire Draft Letter of Offer, including the information in the sections "Risk Factors" and "Financial Information" on pages 25 and 103, respectively of this 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 an investment in the Equity Shares, please see the section 'Risk Factors' on page 25 of this Draft Letter of Offer.

GLOBAL PROSPECTS AND POLICIES

A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialize. Global output contracted in the second quarter of this year, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide—especially in the United States and major European economies—triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spillovers from the war in Ukraine.

The baseline forecast is for growth to slow from 6.1 percent last year to 3.2 percent in 2022, 0.4 percentage point lower than in the April 2022 World Economic Outlook. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spillovers. And in Europe, significant downgrades reflect spillovers from the war in Ukraine and tighter monetary policy. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances, and it is anticipated to reach 6.6 percent in advanced economies and 9.5 percent in emerging market and developing economies this year – upward revisions of 0.9 and 0.8 percentage point, respectively. In 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9 percent.

The risks to the outlook are overwhelmingly tilted to the downside. The war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be harder to bring down than anticipated either if labor markets are tighter than expected or inflation expectations unanchor; tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and geopolitical fragmentation could impede global trade and cooperation. A plausible alternative scenario in which risks materialize, inflation rises further, and global growth declines to about 2.6 percent and 2.0 percent in 2022 and 2023, respectively, would put growth in the bottom 10 percent of outcomes since 1970.

With increasing prices continuing to squeeze living standards worldwide, taming inflation should be the first priority for policymakers. Tighter monetary policy will inevitably have real economic costs, but delay will only exacerbate them. Targeted fiscal support can help cushion the impact on the most vulnerable, but with government

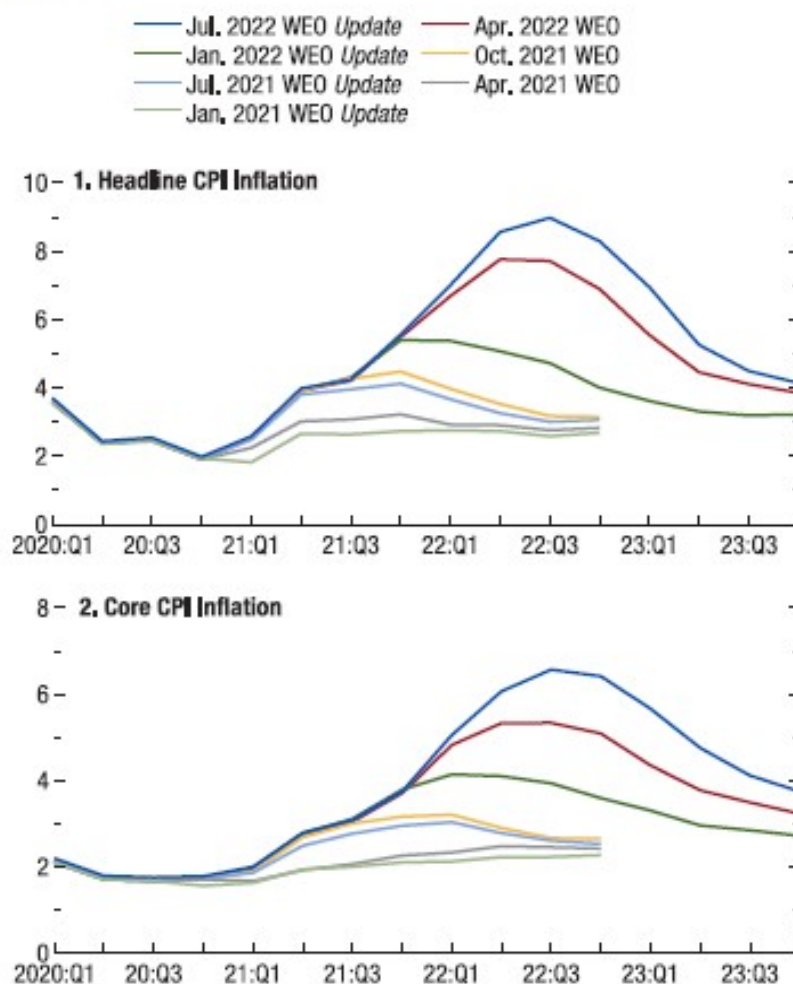
budgets stretched by the pandemic and the need for a disinflationary overall macroeconomic policy stance, such policies will need to be offset by increased taxes or lower government spending. Tighter monetary conditions will also affect financial stability, requiring judicious use of macroprudential tools and making reforms to debt resolution frameworks all the more necessary. Policies to address specific impacts on energy and food prices should focus on those most affected without distorting prices. And as the pandemic continues, vaccination rates must rise to guard against future variants. Finally, mitigating climate change continues to require urgent multilateral action to limit emissions and raise investments to hasten the green transition.

Global slowdown intensifies as downside risks materialize. A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022. Performance was slightly better than expected in the first quarter, but world real GDP is estimated to have shrunk in the second quarter – the first contraction since 2020 – owing to economic downturns in China and Russia. Downside risks discussed in the April 2022 *World Economic Outlook* are materializing, with higher inflation worldwide, especially in the United States and major European economies, triggering a sharp tightening in global financial conditions; a sharper-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative cross-border effects from the war in Ukraine.

Global inflation again surprises on the upside, prompting more central bank tightening. Since 2021, consumer prices have consistently risen faster than widely expected, including in the *World Economic Outlook* (Figure 1). In the United States, the consumer price index rose by 9.1 percent in June,

compared with a year earlier, and it also rose by 9.1 percent in the United Kingdom in May – the highest inflation rates in these two countries in 40 years. In the euro area, inflation in June reached 8.6 percent, its highest level since the inception of the monetary union. Equally concerning, in emerging market and developing economies, second-quarter inflation is estimated to have been 9.8 percent. Higher food and

Figure 1. Global Inflation Forecasts: Serial Upside Surprises
(Percent)



Source: IMF staff calculations.
Note: Global inflation is a weighted average of individual countries' numbers using GDP valued at purchasing power parity as weights. WEO = *World Economic Outlook*.

energy prices, supply constraints in many sectors, and a rebalancing of demand back toward services have in most economies driven up headline inflation. But underlying inflation has also increased, as reflected in different gauges of core inflation, reflecting the pass-through of cost pressures by way of supply chains and tight labor markets, especially in advanced economies.¹ Wage growth has on average not kept up with inflation across both advanced and emerging market and developing economies, eroding household purchasing power. Although long-term inflation expectations have been stable in most major economies, they have started to rise according to some measures, including in the United States (Figure 2).

In response to incoming data, central banks of major advanced economies are withdrawing monetary support more assertively and raising policy interest rates faster than expected in the April 2022 *World Economic Outlook*.

Central banks in several emerging market and developing economies have raised interest rates more aggressively than during past advanced economy tightening cycles. The associated rise in longer-term borrowing costs, including mortgage rates, and tighter global financial conditions (see box) have led to precipitous declines in equity prices, weighing on growth. At the same time, public COVID-19 support packages have been wound down.

Global growth: In the baseline scenario, global growth is 3.2 percent in 2022 and moderates to 2.9 percent in 2023, lower than projected in the April 2022 *World Economic Outlook* by 0.4 and 0.7 percentage point, respectively (Table 1). In a number of cases, a better-than-expected growth outcome in the first quarter of 2022 offsets the subsequent slowdown, resulting in a relatively modest net negative revision for average annual growth in 2022. Downgrades for China and the United States, as well as for India, are driving the downward revisions to global growth during 2022–23, which reflect the materialization of downside risks highlighted in the April 2022 *World Economic Outlook*: a sharper slowdown in China due to extended lockdowns, tightening global financial conditions associated with expectations of steeper interest rate hikes by major central banks to ease inflation pressure, and spillovers from the war in Ukraine. With growth near 3 percent in 2022–23, a decline in global GDP or in global GDP per capita—sometimes associated with global recession—is not currently part of the baseline scenario. However, projections for growth on a fourth-quarter-over-fourth-quarter basis point to a significant weakening of activity in the second half of 2022 (Table 1). While the revisions are mostly negative for advanced economies, differing exposures to the underlying developments mean that those for emerging market and developing economies are more mixed:

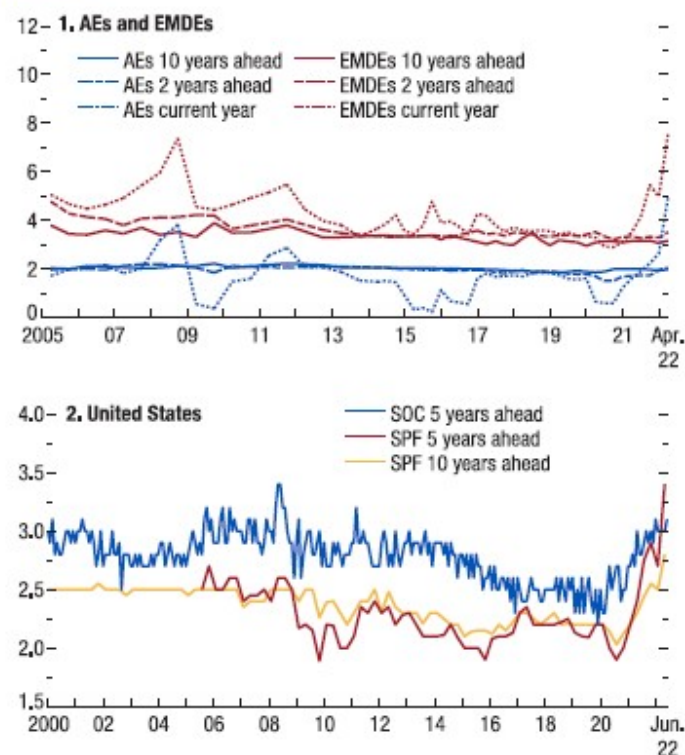
As noted, growth revisions for major advanced economies in 2022–23 are generally negative. Baseline growth in the United States is revised down by 1.4 percentage points and 1.3 percentage points in 2022 and 2023, respectively, reflecting weaker-than-expected growth in the first two quarters of 2022, with significantly less momentum in private consumption, in part reflecting the erosion of household purchasing power and the expected impact of a steeper tightening in monetary policy. Growth in the euro area is also revised down: by 0.2 percentage point in 2022, when improved prospects for tourism and industrial activity in Italy are more than offset by significant downgrades in France, Germany, and Spain; and by 1.1 percentage point in 2023.

This reflects spillovers from the war in Ukraine as well as the assumption of tighter financial conditions, with the European Central Bank ending net asset purchases and raising rates in July 2022 for the first time since 2011. In a number of European economies, NextGenerationEU funds are supporting economic activity.

For emerging market and developing economies, the negative revisions to growth in 2022–23 reflect mainly the sharp slowdown of China’s economy and the moderation in India’s economic growth. The revision in emerging and developing Asia is correspondingly large, at 0.8 percentage point in the baseline for 2022. This revision includes a 1.1 percentage point downgrade to growth in China, to 3.3 percent (the lowest growth in more than four decades, excluding the initial COVID-19 crisis in 2020), owing primarily to the aforementioned COVID-19 outbreaks and lockdowns. Likewise, the outlook for India has been revised down by 0.8 percentage point, to 7.4 percent. For India, the revision reflects mainly less favorable external conditions and more rapid policy tightening. Elsewhere, growth revisions in the baseline have been mostly on the upside. Real GDP for emerging and developing Europe is expected to shrink by 1.5 percentage points less in 2022 than predicted in the April 2022 World Economic Outlook but grow by 0.4 percentage point less in 2023, on the back of stronger-than-expected Russian export growth in 2022 and the recently announced additional sanctions on Russia in 2023. Latin America and the Caribbean has also seen an upward revision of 0.5 percentage point in 2022 as a result of a more robust recovery in the large economies (Brazil, Mexico, Colombia, Chile).. The outlooks for countries in the Middle East and Central Asia and sub-Saharan Africa remain on average unchanged or positive, reflecting the effects of elevated fossil fuel and metal prices for some commodity-exporting countries.

Inflation: The baseline projection for global inflation is also more pessimistic, having been revised up to 8.3 percent in 2022 on a fourth-quarter-over-fourth-quarter basis, from 6.9 percent in the April 2022 World Economic Outlook. The upside inflation revision in 2022 is larger for advanced economies, where it is expected to reach 6.3 percent from 4.8 percent projected in the April 2022 World Economic Outlook on a fourth-quarter-over-fourth-quarter basis, driven by significant increases in headline inflation among such major economies as the United Kingdom (a 2.7 percentage point upward revision to 10.5 percent) and the euro area (a 2.9 percentage point upward revision to 7.3 percent). Forecasts for 2023 are relatively unchanged—up by only 0.2 percentage point on a fourth-quarter-over-fourth-quarter basis—reflecting confidence that inflation will decline as central banks tighten policies and energy price base effects turn negative. For emerging market and developing economies, inflation in 2022 is expected to reach 10.0 percent on a fourth-quarter-over-fourth-quarter basis. Revisions for those economies display greater variation across countries, with relatively modest increases in emerging and developing Asia

Figure 2. Longer-Term Inflation Expectations
(Percent)



Sources: Consensus Economics; Federal Reserve Bank of Philadelphia; University of Michigan; and IMF staff calculations.
Note: Panel 1 shows median consensus forecasts for respective groups of economies. Consensus Economics forecasts are current year consumer price index inflation forecasts and 2-year-ahead inflation forecasts; for 10-year expectations, they are averages over the 6- to 10-year-ahead horizon. The SOC 5-year-ahead expectations are the average inflation expectations over the following 5 to 10 years. The SPF longer-term forecasts are for the annual averages of inflation over the following 5 and 10 years, respectively. AEs = advanced economies; EMDEs = emerging market and developing economies; SOC = surveys of consumers; SPF = survey of professional forecasters.

(partly because of a slowdown of activity in China and limited increases in prices of staple foods) but larger revisions for Latin America and the Caribbean (up by 3.0 percentage points) and for emerging and developing Europe (up by 2.9 percentage points).

Table 1. Overview of the World Economic Outlook Projections
 (Percent change, unless noted otherwise)

| | Year over Year | | | | | | | Q4 over Q4 2/ | | |
|---|----------------|------|-------------|-------|---|------|-------------|---------------|-------|--|
| | 2020 | 2021 | Projections | | Difference from April 2022 WEO Projections 1/ | | Projections | | | |
| | | | 2022 | 2023 | 2022 | 2023 | 2021 | 2022 | 2023 | |
| World Output | -3.1 | 6.1 | 3.2 | 2.9 | -0.4 | -0.7 | 4.4 | 1.7 | 3.2 | |
| Advanced Economies | -4.5 | 5.2 | 2.5 | 1.4 | -0.8 | -1.0 | 4.7 | 1.3 | 1.5 | |
| United States | -3.4 | 5.7 | 2.3 | 1.0 | -1.4 | -1.3 | 5.5 | 1.0 | 0.6 | |
| Euro Area | -6.3 | 5.4 | 2.6 | 1.2 | -0.2 | -1.1 | 4.7 | 0.7 | 2.1 | |
| Germany | -4.6 | 2.9 | 1.2 | 0.8 | -0.9 | -1.9 | 1.8 | 0.5 | 1.5 | |
| France | -7.9 | 6.8 | 2.3 | 1.0 | -0.6 | -0.4 | 4.9 | 0.4 | 1.1 | |
| Italy | -9.0 | 6.6 | 3.0 | 0.7 | 0.7 | -1.0 | 6.4 | 0.6 | 1.6 | |
| Spain | -10.8 | 5.1 | 4.0 | 2.0 | -0.8 | -1.3 | 5.5 | 1.3 | 2.3 | |
| Japan | -4.5 | 1.7 | 1.7 | 1.7 | -0.7 | -0.6 | 0.4 | 2.4 | 0.6 | |
| United Kingdom | -9.3 | 7.4 | 3.2 | 0.5 | -0.5 | -0.7 | 6.6 | 0.1 | 1.3 | |
| Canada | -5.2 | 4.5 | 3.4 | 1.8 | -0.5 | -1.0 | 3.2 | 2.5 | 1.7 | |
| Other Advanced Economies 3/ | -1.8 | 5.1 | 2.9 | 2.7 | -0.2 | -0.3 | 4.6 | 2.0 | 2.8 | |
| Emerging Market and Developing Economies | -2.0 | 6.8 | 3.6 | 3.9 | -0.2 | -0.5 | 4.2 | 2.1 | 4.7 | |
| Emerging and Developing Asia | -0.8 | 7.3 | 4.6 | 5.0 | -0.8 | -0.6 | 3.8 | 4.0 | 4.7 | |
| China | 2.2 | 8.1 | 3.3 | 4.6 | -1.1 | -0.5 | 3.5 | 4.1 | 3.2 | |
| India 4/ | -6.6 | 8.7 | 7.4 | 6.1 | -0.8 | -0.8 | 3.9 | 4.1 | 7.2 | |
| ASEAN-5 5/ | -3.4 | 3.4 | 5.3 | 5.1 | 0.0 | -0.8 | 4.7 | 3.4 | 6.1 | |
| Emerging and Developing Europe | -1.8 | 6.7 | -1.4 | 0.9 | 1.5 | -0.4 | 6.1 | -7.0 | 7.7 | |
| Russia | -2.7 | 4.7 | -6.0 | -3.5 | 2.5 | -1.2 | 4.8 | -13.9 | 4.8 | |
| Latin America and the Caribbean | -6.9 | 6.9 | 3.0 | 2.0 | 0.5 | -0.5 | 3.9 | 1.8 | 2.1 | |
| Brazil | -3.9 | 4.6 | 1.7 | 1.1 | 0.9 | -0.3 | 1.6 | 1.5 | 1.5 | |
| Mexico | -8.1 | 4.8 | 2.4 | 1.2 | 0.4 | -1.3 | 1.2 | 2.9 | 1.0 | |
| Middle East and Central Asia | -2.9 | 5.8 | 4.8 | 3.5 | 0.2 | -0.2 | ... | ... | ... | |
| Saudi Arabia | -4.1 | 3.2 | 7.6 | 3.7 | 0.0 | 0.1 | 6.7 | 6.9 | 3.7 | |
| Sub-Saharan Africa | -1.6 | 4.6 | 3.8 | 4.0 | 0.0 | 0.0 | ... | ... | ... | |
| Nigeria | -1.8 | 3.6 | 3.4 | 3.2 | 0.0 | 0.1 | 2.4 | 2.1 | 2.3 | |
| South Africa | -6.3 | 4.9 | 2.3 | 1.4 | 0.4 | 0.0 | 1.8 | 2.2 | 1.7 | |
| Memorandum | | | | | | | | | | |
| World Growth Based on Market Exchange Rates | -3.4 | 5.8 | 2.9 | 2.4 | -0.6 | -0.7 | 4.4 | 1.6 | 2.5 | |
| European Union | -5.8 | 5.4 | 2.8 | 1.6 | -0.1 | -0.9 | 4.9 | 0.9 | 2.8 | |
| Middle East and North Africa | -3.4 | 5.8 | 4.9 | 3.4 | -0.1 | -0.2 | ... | ... | ... | |
| Emerging Market and Middle-Income Economies | -2.2 | 7.0 | 3.5 | 3.8 | -0.3 | -0.5 | 4.3 | 2.0 | 4.7 | |
| Low-Income Developing Countries | 0.1 | 4.5 | 5.0 | 5.2 | 0.4 | -0.2 | ... | ... | ... | |
| World Trade Volume (goods and services) 6/ | -7.9 | 10.1 | 4.1 | 3.2 | -0.9 | -1.2 | ... | ... | ... | |
| Advanced Economies | -8.8 | 9.1 | 5.3 | 3.2 | -0.3 | -1.4 | ... | ... | ... | |
| Emerging Market and Developing Economies | -6.2 | 11.7 | 2.2 | 3.3 | -1.8 | -0.9 | ... | ... | ... | |
| Commodity Prices (US dollars) | | | | | | | | | | |
| Oil 7/ | -32.7 | 67.3 | 50.4 | -12.3 | -4.3 | 1.0 | 79.2 | 28.6 | -13.4 | |
| Nonfuel (average based on world commodity import weights) | 6.7 | 26.1 | 10.1 | -3.5 | -1.3 | -1.0 | 16.4 | 5.7 | -0.6 | |
| World Consumer Prices 8/ | 3.2 | 4.7 | 8.3 | 5.7 | 0.9 | 0.9 | 5.6 | 8.3 | 4.1 | |
| Advanced Economies 9/ | 0.7 | 3.1 | 6.6 | 3.3 | 0.9 | 0.8 | 4.9 | 6.3 | 2.3 | |
| Emerging Market and Developing Economies 8/ | 5.2 | 5.9 | 9.5 | 7.3 | 0.8 | 0.8 | 6.1 | 10.0 | 5.7 | |

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during May 30, 2022–June 27, 2022. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.
 1/ Difference based on rounded figures for the current and April 2022 WEO forecasts. Countries whose forecasts have been updated relative to April 2022 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.
 2/ For World Output (Emerging Market and Developing Economies), the quarterly estimates and projections account for approximately 90 percent (80 percent) of annual world (emerging market and developing economies') output at purchasing-power-parity weights.
 3/ Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
 4/ For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year.
 5/ Indonesia, Malaysia, Philippines, Thailand, Vietnam.
 6/ Simple average of growth rates for export and import volumes (goods and services).
 7/ Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average price of oil in US dollars a barrel was \$69.07 in 2021; the assumed price, based on futures markets (as of June 29, 2022), is \$103.88 in 2022 and \$91.07 in 2023.
 8/ Excludes Venezuela.
 9/ The inflation rate for the euro area is 7.3% in 2022 and 3.9% in 2023, that for Japan is 1.9% in 2022 and 1.3% in 2023, and that for the United States is 7.7% in 2022 and 3.0% in 2023, respectively.

(Source: <https://www.imf.org/en/Publications/WEO/Issues/2022/07/26/world-economic-outlook-update-july-2022>)

Indian Economy Overview

Introduction

The Indian economy has fully recovered to the pre-pandemic real GDP level of 2019-20, according to the provisional estimates of GDP released on May 31, 2022. Real GDP growth in FY 2021-22 stands at 8.7%,

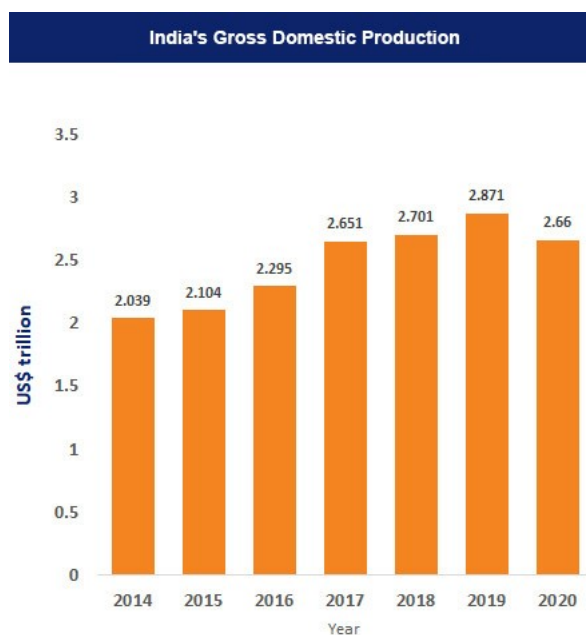
which is 1.5% higher than the real GDP in FY 2019-20. These figures are associated with stronger growth momentum, indicating increased economic demand. The investment rate in the fourth quarter increased to its highest level in the previous nine quarters. Moreover, capacity utilisation in the manufacturing sector rose in the fourth quarter, as against the third quarter, implying a build-up in demand, which is consistent with the growth objectives of the Indian economy.

Future capital spending of the government in the Indian economy is expected to be supported by factors such as tax buoyancy, streamlined tax system, thorough assessment and rationalisation of the tariff structure and digitisation of tax filing. In the medium term, an increase in capital spending on infrastructure and asset-building projects is set to increase growth multipliers. Furthermore, revival in monsoon and Kharif sowing helped the agriculture sector gain momentum. As of July 11, 2022, the South-West monsoon has covered the entire country, resulting in 7% higher rainfall than the normal level.

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

Market size

- India's nominal GDP at current prices was estimated at Rs. 232.15 trillion (US\$ 3.12 trillion) in FY22. With more than 100 unicorns valued at US\$ 332.7 billion, India has the third-largest unicorn base in the world. The government is also focusing on renewable sources to generate energy, and is planning to achieve 40% of its energy from non-fossil sources by 2030.
- According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between this period. India's current account deficit (CAD), primarily driven by an increase in the trade deficit, stood at 1.2% of GDP in 2021-22.
- Exports fared remarkably well during the pandemic and aided recovery when all other growth engines lost steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.



Recent Developments

India is primarily a domestic demand-driven economy, with consumption and investments contributing 70% to the country's economic activity. With the economic scenario improving on recovering from the

COVID-19 pandemic shock, several investments and developments have been made across various sectors of the economy. According to World Bank, India must continue to prioritise lowering inequality while also launching growth-oriented policies to boost the economy. In view of this, the country witnessed many developments in the recent past, some of which are mentioned below.

Recent economic developments in India are as follows:

- As of July 15, 2022, India's foreign exchange reserves reached US\$ 572.71 billion.
- Private equity-venture capital (PE-VC) sector investments stood at US\$ 34.1 billion, up 28% YoY, across 711 deals through January-June 2022.
- India's merchandise exports stood at US\$ 676.2 billion in FY22. In June 2022, India's merchandise exports stood at US\$ 37.9 billion, recording the highest ever exports in June 2022.
- PMI Services was at 58.9 in May 2022 compared to 57.9 in April 2022.
- In June 2022, the gross Goods and Services Tax (GST) revenue collection stood at Rs. 1.44 trillion (US\$ 18.1 billion).
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDI equity inflow in India stood at US\$ 588.53 billion between April 2000-March 2022.
- In May 2022, the Index of Industrial Production (IIP) stood at 137.7 driven by mining, manufacturing and electricity sectors.
- Consumer Price Index (CPI) inflation stood at 7.01% in June 2022 compared to 7.04% in May 2022.
- In July 2022 (until 21 July 2022), Foreign Portfolio Investment (FPI) outflows stood at Rs. 228,862 crore (US\$ 28.65 billion)
- Wheat procurement in Rabi 2021-22 and 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.

Government Initiatives

Over the years, the Indian government has introduced many initiatives to strengthen the nation's economy. The government has been effective in developing policies and programmes that are not only beneficial for citizens to improve their financial stability but also for the overall growth of the economy. Over the recent decade, India's rapid economic growth has led to a substantial increase in demand for exports. Moreover, many of the government's flagship programmes, including Make in India, Start-up India, Digital India, the Smart City Mission and the Atal Mission for Rejuvenation and Urban Transformation, are aimed at creating immense opportunities in India. In this regard, some of the initiatives taken by the government to improve the economic condition of the country are mentioned below:

- In July 2022, the Union Cabinet chaired by the Prime Minister, Mr. Narendra Modi, approved the signing of the Memorandum of Understanding (MoU) between India and Maldives. This MoU

will provide a platform to tap the benefits of IT for court digitisation, and can be a potential growth area for IT companies and start-ups in both the countries.

- India and Namibia entered into an MoU on wildlife conservation and sustainable biodiversity utilisation on July 20, 2022, for establishing the cheetah's habitat in the historical forest range in India.
- In July 2022, the Reserve Bank of India (RBI) approved international trade settlements in Indian rupees (INR) in order to promote the growth of global trade with emphasis on exports from India and to support the increasing interest of the global trading community.
- Mr. Rajnath Singh, Minister of Defence, launched 75 newly-developed artificial intelligence (AI) products and technologies during the first-ever "AI in Defence" (AIDef) symposium and exhibition, organised by the Ministry of Defence in New Delhi on July 11, 2022.
- In June 2022:
 - Prime Minister Mr. Narendra Modi laid the foundation stone of 1,406 projects worth more than Rs. 80,000 crore (US\$ 10.01 billion) at the ground-breaking ceremony of the UP Investors Summit in Lucknow.
 - The projects encompass diverse sectors such as Agriculture and Allied industries, IT and Electronics, MSME, Manufacturing, Renewable Energy, Pharma, Tourism, Defence & Aerospace and Handloom & Textiles.
- The Indian Institute of Spices Research (IISR) under the Indian Council for Agricultural Research (ICAR) inked an MoU with Lysterra, LLC, a Russia-based company, for the commercialisation of biocapsule, an encapsulation technology for bio-fertilisation on June 30, 2022.
- As of April 2022, India signed 13 Free Trade Agreements (FTAs) with its trading partners, including major trade agreements such as the India-UAE Comprehensive Partnership Agreement (CEPA) and the India-Australia Economic Cooperation and Trade Agreement (IndAus ECTA).
- The Union Budget of 2022-23 was presented on February 1, 2022, by the Minister for Finance & Corporate Affairs, Ms. Nirmala Sitharaman. The budget had four priorities PM GatiShakti, Inclusive Development, Productivity Enhancement and Investment, and Financing of Investments. In the Union Budget 2022-23, effective capital expenditure is expected to increase by 27% at Rs. 10.68 lakh crore (US\$ 142.93 billion) to boost the economy. This will be 4.1% of the total Gross Domestic Production (GDP).
- Under PM GatiShakti Master Plan, the National Highway Network will develop 25,000 km of new highways network, which will be worth Rs. 20,000 crore (US\$ 2.67 billion). In 2022-23. Increased government expenditure is expected to attract private investments, with a production-linked incentive scheme providing excellent opportunities. Consistently proactive, graded, and measured policy support is anticipated to boost the Indian economy.
- In February 2022, Minister for Finance and Corporate Affairs Ms. Nirmala Sitharaman said that productivity linked incentive (PLI) schemes would be extended to 14 sectors to achieve the mission of AtmaNirbhar Bharat and create 60 lakh jobs with an additional production capacity of Rs. 30 lakh crore (US\$ 401.49 billion) in the next five years.

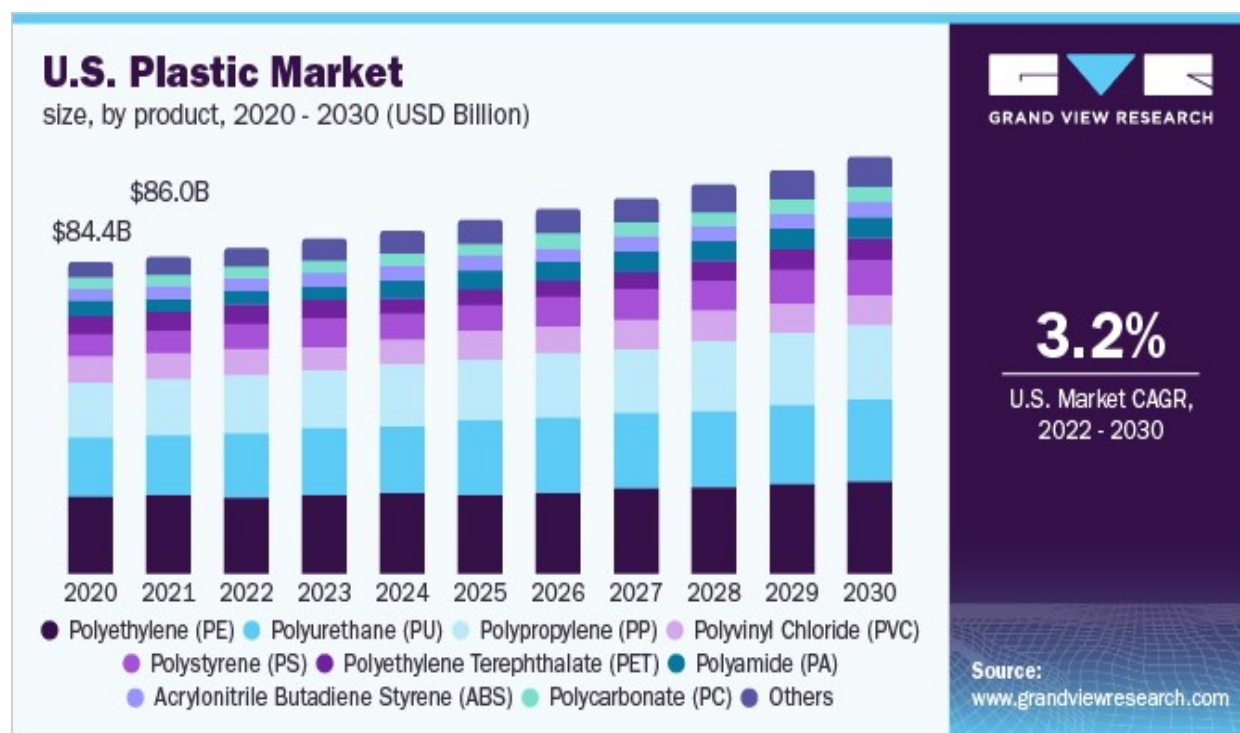
- In the Union Budget of 2022-23, the government announced funding for the production linked incentive (PLI) scheme for domestic solar cells and module manufacturing of Rs. 24,000 crore (US\$ 3.21 billion).
- In the Union Budget of 2022-23, the government announced a production linked incentive (PLI) scheme for Bulk Drugs which was an investment of Rs. 2500 crore (US\$ 334.60 million).
- In the Union Budget of 2022, Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman announced that a scheme for design-led manufacturing in 5G would be launched as part of the PLI scheme.
- In September 2021, Union Cabinet approved major reforms in the telecom sector, which are expected to boost employment, growth, competition, and consumer interests. Key reforms include rationalization of adjusted gross revenue, rationalization of bank guarantees (BGs), and encouragement of spectrum sharing.
- In the Union Budget of 2022-23, the government has allocated Rs. 44,720 crore (US\$ 5.98 billion) to Bharat Sanchar Nigam Limited (BSNL) for capital investments in the 4G spectrum.
- Minister for Finance & Corporate Affairs Ms. Nirmala Sitharaman allocated Rs. 650 crore (US\$ 86.69 million) for the Deep Ocean mission that seeks to explore vast marine living and non-living resources. Department of Space (DoS) has got Rs. 13,700 crore (US\$ 1.83 billion) in 2022-23 for several key space missions like Gaganyaan, Chandrayaan-3, and Aditya L-1 (sun).
- In May 2021, the government approved the production linked incentive (PLI) scheme for manufacturing advanced chemistry cell (ACC) batteries at an estimated outlay of Rs. 18,100 crore (US\$ 2.44 billion); this move is expected to attract domestic and foreign investments worth Rs. 45,000 crore (US\$ 6.07 billion).
- Minister for Finance & Corporate Affairs Ms Nirmala Sitharaman announced in the Union Budget of 2022-23 that the Reserve Bank of India (RBI) would issue Digital Rupee using blockchain and other technologies.
- In the Union Budget of 2022-23, Railway got an investment of Rs. 2.38 lakh crore (US\$ 31.88 billion) and over 400 new high-speed trains were announced. The concept of "One Station, One Product" was also introduced.
- To boost competitiveness, Budget 2022-23 has announced reforming the 16-year-old Special Economic Zone (SEZ) act.
- In June 2021, the RBI (Reserve Bank of India) announced that the investment limit for FPI (foreign portfolio investors) in the State Development Loans (SDLs) and government securities (G-secs) would persist unaffected 2% and 6%, respectively, in FY22.
- In November 2020, the Government of India announced Rs. 2.65 lakh crore (US\$ 36 billion) stimulus package to generate job opportunities and provide liquidity support to various sectors such as tourism, aviation, construction, and housing. Also, India's cabinet approved the production-linked incentives (PLI) scheme to provide ~Rs. 2 trillion (US\$ 27 billion) over five years to create jobs and boost production in the country.

- Numerous foreign companies are setting up their facilities in India on account of various Government initiatives like Make in India and Digital India. Prime Minister of India Mr. Narendra Modi launched the Make in India initiative with an aim to boost the country's manufacturing sector and increase the purchasing power of an average Indian consumer, which would further drive demand and spur development, thus benefiting investors. The Government of India, under its Make in India initiative, is trying to boost the contribution made by the manufacturing sector with an aim to take it to 25% of the GDP from the current 17%. Besides, the government has also come up with the Digital India initiative, which focuses on three core components: the creation of digital infrastructure, delivering services digitally, and increasing digital literacy.
- On January 29, 2022, the National Asset Reconstruction Company Ltd (NARCL) will acquire bad loans worth up to Rs. 50,000 crore (US\$ 6.69 billion) about 15 accounts by March 31, 2022. India Debt Resolution Co. Ltd (IDRCL) will control the resolution process. This will clean up India's financial system and help fuel liquidity and boost the Indian economy.
- National Bank for Financing Infrastructure and Development (NaBFID) is a bank that will provide non-recourse infrastructure financing and is expected to support projects from the first quarter of FY2022-23; it is expected to raise Rs. 4 lakh crore (US\$ 53.58 billion) in the next three years.
- By November 1, 2021, India and the United Kingdom hope to begin negotiations on a free trade agreement. The proposed FTA between these two countries is likely to unlock business opportunities and generate jobs. Both sides have renewed their commitment to boost trade in a manner that benefits all.
- In August 2021, Prime Minister Mr. Narendra Modi announced an initiative to start a national mission to reach the US\$ 400 billion merchandise export target by FY22.
- In August 2021, Prime Minister Mr. Narendra Modi launched a digital payment solution, e-RUPI, a contactless and cashless instrument for digital payments.
- In April 2021, Dr. Ahmed Abdul Rahman AlBanna, Ambassador of the UAE to India and Founding Patron of IFIICC, stated that trilateral trade between India, the UAE and Israel is expected to reach US\$ 110 billion by 2030.
- India is expected to attract investment of around US\$ 100 billion in developing the oil and gas infrastructure during 2019-23.
- The Government of India is expected to increase public health spending to 2.5% of the GDP by 2025.

(Source: www.ibef.org)

Global Plastic Market

The global plastic market size was valued at USD 593.00 billion in 2021. It is expected to expand at a compound annual growth rate (CAGR) of 3.7% from 2022 to 2030. The increasing plastic consumption in the construction, automotive, and electrical & electronics industries is projected to support market growth during the forecast period. Regulations to decrease gross vehicle weight to improve fuel efficiency and eventually reduce carbon emissions are driving plastic consumption as a substitute for metals, including aluminum and steel, for manufacturing automotive components.



The growth of the construction industry in emerging markets such as Brazil, China, India, and Mexico has been instrumental in fueling the demand for plastics. The progress of the overall market can be attributed to increased foreign investment in these domestic construction markets, as a result of easing FDI norms and requirements for better public and industrial infrastructure.

The plastics market demand in the U.S. was valued at USD 86.02 billion in 2021. The high market share of the country is attributed to the presence of the well-established automotive, aerospace & defense, and electronics industries. The country is characterized by a low-risk environment, a stable economy, and a robust financial sector. These factors have provided a multitude of opportunities for investors in recent years, which are likely to trigger infrastructure spending in the country. This, in turn, is projected to positively impact the demand for plastics in the U.S. construction industry.

The growing population, coupled with rapid urbanization and industrialization in emerging economies, has been impelling federal governments to increase their construction spending to cater to increasing infrastructure needs. Rising construction spending by governments, particularly in China and India, will drive the demand for plastic in infrastructure and construction applications.

Stringent regulations regarding depletion and recyclability of conventional materials such as metal and wood are anticipated to drive greater plastic demand from construction industries in insulation, pipes, cables, floorings, windows, storage tanks, and others. Polymer fittings are also generally quite simple and easy to install, compared to metals or wood, with a wide range of color combinations adding to their aesthetic appeal.

Plastic has 85% less specific gravity compared to metals. When used in the automotive and construction industries, they enable approximately 80% weight savings and 30% to 50% cost savings in individual components. The increasing incidences of positive cases of COVID-19 across the globe due to new virus

variants are positively influencing the demand for plastic in medical devices such as testing equipment, ventilators, gloves, syringes, surgical trays, and medical bags.

Polyethylene held the largest market revenue share of more than 25.0% of the overall demand in 2021. It is primarily used in the packaging sector, which includes containers and bottles, plastic bags, plastic films, and geomembranes. Based on its molecular weight, there are different types of polymers of PE such as HDPE, LDPE, and LLDPE. For instance, low molecular weight polymers of PE find use in lubricants; medium molecular weight polymers are used as wax, miscible with paraffin; high molecular weight polymers are commonly used in the plastic industry.

Rising demand for packaged food, trays, bottles for milk and fruit juices, crates, caps for food packaging, drums, and other liquid food packaging, to combat the spread of COVID-19 across the world is expected to drive the demand for polyethylene in the coming years.

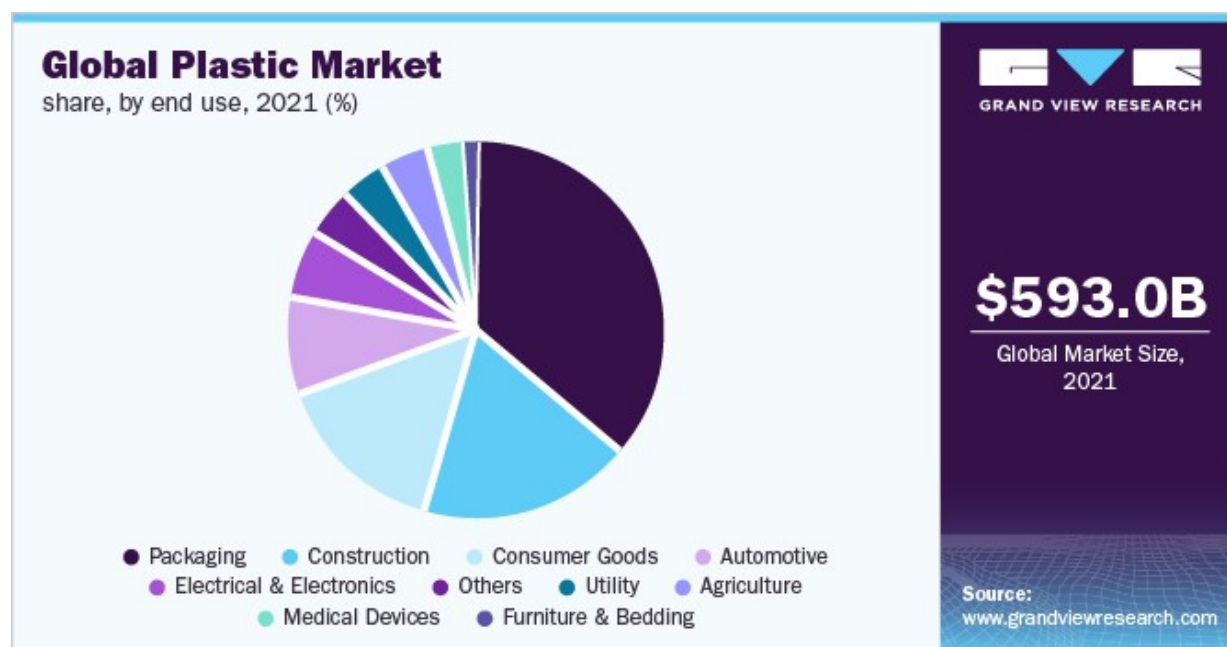
Acrylonitrile butadiene styrene (ABS) is one of the promising product segments in the plastic market. ABS is widely used in consumer goods and electrical & electronics applications and is gaining popularity owing to its excellent rigidity, high strength, and dimensional stability. It is a tough material and is resistant to corrosive chemicals, physical impact, and heat. Thermoplastics such as ABS liquefy, allowing them to be easily injection molded and recycled. However, ABS is not used in high-heat situations because of its low melting point.

LEGO toys and computer keyboards are also significant application areas for ABS compounds. ABS is also used in manufacturing drain-waste-vent pipe systems, plastic clarinets, golf club heads, musical instruments, enclosures for electrical & electronic assemblies, automotive trim components, and protective headgears, among various other products.

The injection molding application segment held the largest revenue share of over 43.0% of the overall demand in 2021. Injection molding is a common method for producing custom plastic parts. It is a discontinuous process as the plastic parts are produced in molds and are required to be cooled before being removed. This process requires an injection molding machine, molds, and plastic materials. The molten plastic is injected into a mold cavity and then cooled to create the final product. It is generally used in the production of automobile parts, containers, and medical devices among others.

Calendering is one of the potential application segments in the plastics market. It is used to process thermoplastic materials into films and sheeting. It is mainly used for PVC as well as certain other modified thermoplastics. The process consists of five steps - pre-blending, fluxing, calendering, cooling, and winding-up. It allows specialty surface treatments of films or sheets such as enhancing or embossing the physical properties or in-line lamination. The growing packaging industry is driving the demand for films and sheets which, in turn, is further creating the demand for calendering.

The packaging end-use segment held the largest market revenue share of more than 36.0% of the overall demand in 2021. Packaging is a high-potential end-use segment with moderate penetration. Plastic has been an integral part of the packaging industry. Furthermore, the advent of bio-based plastics has also played a significant role in the food, pharmaceutical, and beverage packaging sectors.



Plastics such as Polyethylene Terephthalate (PET) and Polycarbonates (PC) are increasingly being used in the packaging of beverages, consumer goods, appliances, toys, and apparel. The packaging of appliances is expected to offer lucrative opportunities for market growth. The demand for packaging for healthcare products, groceries, and e-commerce transportation has increased sharply in the post-COVID period, while the demand for luxury, industrial, and some B2B transport packaging declined, owing to the suspension or slowdown of industrial production.

Moreover, the demand for plastic in consumer packaging is expected to shift drastically towards food packaging, owing to the shutdown of restaurants and foodservice outlets during the pandemic. The stockpile and panic purchases of food, groceries, and other homecare necessities are further expected to boost the aforementioned trend.

Asia Pacific (including China) dominated the plastics market and accounted for over 44.0% share of the global revenue in 2021. The rapidly-growing manufacturing sector is expected to propel the demand for plastic in the automotive, construction, packaging, and electrical & electronics industries. In the recent past, India and China have witnessed a spike in automotive

In addition, a well-established manufacturing base for electrical & electronics in Taiwan, China, and South Korea is anticipated to provide further impetus to the plastic industry. India has a strong chemical manufacturing industry base, which serves to strengthen its plastic production. Rapid urbanization, improving economic conditions, and increasing infrastructural activities are the factors supporting the growth of the market for plastics in the Asia Pacific.

China is the largest supplier and producer of plastic components in this region. The growth of the automotive and electronic markets and the subsequent demand for lightweight components to improve the efficiency of vehicles and reduce the weight of electronics components are the major factors contributing to the higher demand for plastic in the country.

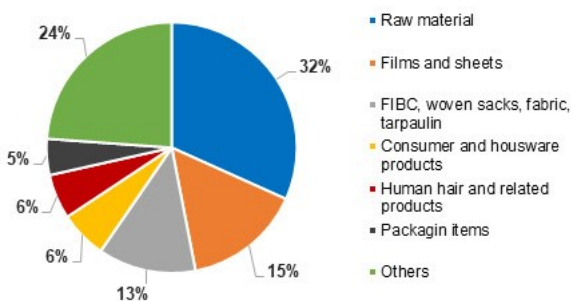
(Source: <https://www.grandviewresearch.com/industry-analysis/global-plastics-market>)

Indian Plastic Market

Indian plastic industry market is one of the leading sectors in the country’s economy. The history of the plastic industry in India dates to 1957 with the production of polystyrene. Since then, the industry has made substantial progress and has grown rapidly. The industry is present across the country and has more than 2,000 exporters. It employs more than 4 million people in the country and constitutes 30,000 processing units; among these, 85-90% belong to small and medium enterprises. India manufactures various products such as plastics and linoleum, houseware products, cordage, fishnets, floorcoverings, medical items, packaging items, plastic films, pipes, raw material, etc. The country majorly exports plastic raw materials, films, sheets, woven sacks, fabrics, and tarpaulin. The Government of India intends to take the plastic industry from a current level of Rs. 3 lakh crores (US\$ 37.8 billion) of economic activity to Rs. 10 lakh crores (US\$ 126 billion) in 4-5 years.

Ten Plastic Parks have been approved in the country by The Department of Chemicals and Petrochemicals. Among these, 6 plastic parks have received final approval from the following states – Madhya Pradesh (2 parks), Assam (1 park), Tamil Nadu (1 park), Odisha (1 park) and Jharkhand (1 park). These parks are intended to boost employment and attain environmentally sustainable growth.

India’s product-wise share of plastics exports (2021-22)



Source: The Plastics Export Promotion Council of India (PLEXCONCIL)

grew 32.7% over the previous year.

Overall, the total plastics exports between April-September 2022 stood at US\$ 6.38 billion. During this time period, the exports of plastic raw materials, medical items, and pipes and fittings increased by 32.3%, 24.8% and 17.9% over the same time last year, respectively.

The cumulative exports of plastics and related materials during 2021-22 were valued at US\$ 13.34 billion. This was a 33.4% increase from the 2020-21 exports valued at US\$ 10 billion. Plastic raw materials were the largest exported category and constituted 30.7% of the total exports in 2021-22; it recorded a growth of 26.5% over the previous year. Plastic films and sheets were the second largest category, comprised 15.2% of the total exports, and

In May 2022, the exports of plastics and linoleum from India were valued at US\$ 1,073 million. During the same period, medical items of plastics; plastic films & sheets; plastic pipes & fittings; FRP & composites; packaging items; cordage fishnets & monofilaments; and miscellaneous products recorded strong growth. The cumulative exports for April and May 2022 grew 2.6% YoY to US\$ 2,173 million.

India's plastics and linoleum exports (US\$ billion)



Source: DGCI&S

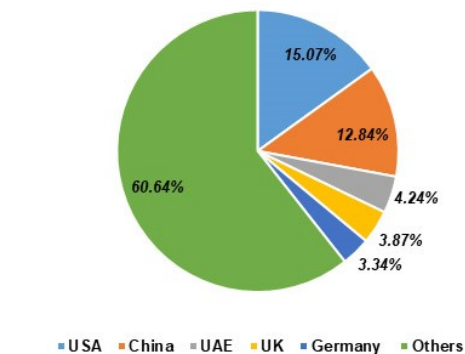
India exports plastic to more than 200 countries in the world. The top 5 consumer and houseware product importing countries are the USA, Germany, Japan, the UK and France. India largely exports plastic and related products to the USA, China, UAE, Germany, Italy, the UK, Bangladesh, Nepal, Turkey, France, Viet Nam, Indonesia, etc. The total value of exports to the US, the largest consumer of the Indian plastic industry, stood at US\$ 2,430.8 million in 2021-22, an increase of 63.6% YoY. China is the second largest consumer of plastic export products from India and the total value of exports stood at US\$ 883.5 million. US and China constituted 18.21%, and 6.62%, of the total plastic exports in 2021-22.

The total plastic exports from India to France during 2021-22 was around US\$ 224.9 million. In order to boost exports to France and Europe, the

PLEXCONCIL collaborated with Indo-French Chamber in the first quarter of 2021-22. The Minister for Commerce and Industry, Mr. Piyush Goyal, recently urged the industry to adopt international standards to help it expand its global footprint. India has recently signed a free-trade agreement with UAE and Australia, which will give the plastics industry new opportunities.

GOVERNMENT INITIATIVES

Country wise share in exports of plastic products during 2021



Source: Plexconcil

The Union Ministry of Commerce and Industry of India targets to increase the plastic exports of the country to US\$ 25 billion by 2025. There are multiple plastic parks are being set up in the country in a phased manner that will help improve the plastic manufacturing outputs of the country. Under the plastic park schemes, funds of up to 50% of the project costs or a ceiling cost of Rs. 40 crore (US\$ 5 million) per project.

Government initiatives like “Digital India”, “Make in India”, and “Skill India” will also boost India’s Plastic industry. For instance, under the “Digital India” program, the government aims to reduce the import dependence of

products from other countries, which will lift the local plastic part manufacturers.

The government also launched a program for building Centres of Excellence (CoEs) to develop the existing petrochemical technology and promote the research environment pertaining to the sector in the country. This will aid in promoting and developing new applications of polymers and plastics in the country. Additionally, about 23 Central Institute of Plastics Engineering & Technology (CIPET) have been approved to accelerate financial and technological collaboration for promoting skills in chemicals and petrochemicals sector.

(Source: www.ibef.org)

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire 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 section titled "Risk Factors" on page 25, 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 103 and 108, 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 Standalone and Consolidated Financial Statements and Limited Review Standalone and Consolidated Financial Statements.

Overview

Our Company was originally incorporated as "A F Investment Private Limited" a private limited company vide a certificate of incorporation dated August 18, 1983, issued by the Registrar of Companies, NCT of Delhi & Haryana, under the provisions of the Companies Act, 1956. Subsequently, our Company was converted into a public limited company, following which the name was changed to "AF Investment Limited" and a fresh certificate of incorporation was issued on November 24, 1983 by the Registrar of Companies, Delhi & Haryana. Subsequently, the name of our Company was changed to "A F Enterprises Limited" and a fresh certificate of incorporation consequent on change of name dated May 14, 1991, was issued by, the Registrar of Companies, Delhi & Haryana.

Our Company is engaged in the Trading and production/Manufacturing product range encompassing plastic molded components under the brand name "RIDH". The brand "RIDH" is the hall mark showcasing the entire Product range.

Our Company is engaged in manufacturing and distribution of Plastic Moulded Component. Injection moulding is a formative manufacturing technology, i.e. material is formed from an amorphous shape into a fixed shape defined by a mould tool. Almost every plastic part created today is by injection moulding as it allows identical parts to be created in huge numbers, in a short space of time, and at very low cost per part.

The process works as follows:

- 1) A mould cavity defines the shape of the part.
- 2) Material (melted plastic) is injected under pressure into the cavity.
- 3) When the plastic cools it solidifies to take the form defined by the mould.
- 4) The part is ejected, and the process repeats from step 2.

Our Company is having 35 Injection Moulding Machines Start with 100 Tones to 850 Tones we can produces anything in Plastic upto 3.5 kg Apart From Machines we have own toll room along with R&D team for New Product Development .Our State of art facility is situated at Plot No. 8, Main Mathura Road, Sector 5, Faridabad, Haryana - 121006.

Our Company has emerged into a national entity as a complete innovation for its own type of manufactured products. We offer a wide range of Plastic Moulded components in a systematic manner to

ensure easy and accurate selection, with the simultaneous advantage of providing the most cost-effective solutions for customers. We have established itself as an innovative leader and quality manufacturer by continuously upgrading its technology, modernizing manufacturing facilities and maintaining highest standards of quality and services.

Application area of our products:

- Agriculture
 - Power
 - Construction
 - Engineering
- FMCG
Safety & Health
Pharma
Medical
Packing
Consumer Goods

Image of Manufacturing facility



PLANT & MACHINERY



INJECTION MOLDING MACHINE



PAD PRINTING



ULTRA SONIC WELDING



JET MASTER INJECTION MOLDING MACHINE



SUPER MASTER INJECTION MOLDING MACHINE



PASL INJECTION MOLDING MACHINE



WINDSOR INJECTION MOLDING MACHINE

NUMBER OF MACHINES -

INJECTION MOLDING M/c - 33 no's
 PAD PRINTING - 6 no's
 ULTRA SONIC WELDING - 1 no's

CAPACITY - 100 to 850 Tons



OUR PRODUCTS

Plastic Division

| | |
|---|--|
|  <p>RO Water Purifier</p> |  <p>Plastic Containers</p> |
|  <p>Havells DB box part</p> |  <p>COVID Eye Goggles</p> |
|  <p>Dustbin</p> |  <p>Washing machine back panel</p> |
|  <p>Safety Helmet</p> |  <p>Plastic Crate</p> |

PROTECTIVE GEAR

We manufacture safety helmets that cater to numerous industries. Made with specially formulated polymer for enhanced strength and durability.

SPECIFICATIONS

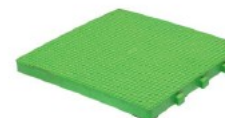
| Main Category (*Mandatory Field) | Model No | Size | WEIGHT | Product Description |
|-------------------------------------|-------------|-------------|--------|---------------------|
| SAFETY HELMET | RX-RIDH/045 | 270x210x120 | 340GM | INDUSTRIAL HELMETS |
| SAFETY HELMET MEDIUM | RX-RIDH/047 | 271x209x111 | 250GMS | INDUSTRIAL HELMETS |
| SAFETY HELMET LITE | RX-RIDH/048 | 271x209x111 | 250GMS | INDUSTRIAL HELMETS |
| SAFETY HELMET WITH LED | RX-RIDH/046 | 270x210x120 | | INDUSTRIAL HELMETS |



| Main Category (*Mandatory Field) | Model No | Size | WEIGHT | Product Description | |
|-------------------------------------|-------------|-------------|---------|---|---|
| PLASTIC CRATES | RX-RIDH/031 | 600x400x175 | 1750GMS | INDUSTRIAL CRATES, ALL PURPOSE CRATES |  |
| PLASTIC CRATES | RX-RIDH/030 | 600x400x280 | 2700GMS | INDUSTRIAL CRATES, ALL PURPOSE CRATES |  |
| PLASTIC CRATES | RX-RIDH/032 | 400x300x175 | 1050GMS | INDUSTRIAL CRATES, ALL PURPOSE CRATES |  |
| PLASTIC CRATES | RX-RIDH/033 | 400x300x150 | 950GMS | INDUSTRIAL CRATES, ALL PURPOSE CRATES |  |
| FRUITS & VEGETABLES CRATES | RX-RIDH/034 | 540x360x300 | 1500GMS | PERFORATED FRUITS & VEGETABLES CRATES |  |

| Main Category (*Mandatory Field) | Model No | Size | WEIGHT | Product Description | |
|-------------------------------------|-------------|------|--------|---------------------|---|
| PLASTIC SPOON | RX-RIDH/026 | | 4GMS | |  |
| PLASTIC FORK | RX-RIDH/027 | | 3GMS | |  |

| Main Category (*Mandatory Field) | Model No | Size | WEIGHT | Product Description |
|-------------------------------------|-------------|---------|--------|-------------------------------------|
| PLASTICTILES | RX-RIDH/025 | 1' x 1' | 510GMS | Load Capacity : 20 Tons |
| PLASTICTILES | RX-RIDH/029 | 7" x 6" | 180GMS | Load Capacity : 20 Tons |
| PLASTIC DUSTBIN | RX-RIDH/024 | 12Lts | 530GMS | Domestic Dustbin Square without Lid |
| PLASTIC DUSTBIN | RX-RIDH/044 | 8Lts | 250GMS | Domestic Dustbin Round without Lid |



Our Vision:

To contribute for a safer, smoother society and helps to protect the global environment through innovative technology. To be the leader in the field of manufacturing and developing top notch plastics solutions. To be a preferred supplier for businesses across industry vertical. To prioritize customer with a customer-centric approach. To strive for continuous improvements and innovations.

Our Mission:

Acquire a competitive edge in the domestic and global market by leveraging the power of innovation, modern technology, for superior quality expansion of our product portfolio whilst catering for our shareholders at all times.

To create value for Customers, Suppliers, Shareholders, Statutory & Regulatory bodies and Employees and Society through regular improving in all our processes and creating an environment in the company for innovation.

OUR KEY UNIQUE BUSINESS STRENGTHS ARE:

- 1) **Organizational Stability:** Our Organization has been in this industry since 25 years which itself proves our ability to weather through economic and business cycles.
- 2) **Experienced Promoters and a well-trained employee base** – Our management is experienced in our line of business. Our management and employee team combines expertise and experience to outline plans for the future development of the company. Since starting of operations, we have witnessed consistent and stable growth. Our Promoter has significant industry experience and has been instrumental in the consistent growth of our company. We believe that the knowledge and experience of our promoter and management will enables us to identify new opportunities, rapidly respond to market conditions, adapt to changes in the business landscape and competitive environment and enhances the growth in the business.
- 3) **Strong financial position** - We believe that our strong financial position will provide us with the financial flexibility to fund our growth and expansion and allow us to respond quickly and competitively to further capitalise on emerging opportunities in the market.
- 4) **Improving functional efficiency** – Our Company intends to improve operating efficiency to achieve cost reductions to have a competitive edge over the peers. We believe that this can be done through continuous process improvement, customer services.
- 5) **Established brand and image**– We are engaged in providing services to our clients and over the years, we believe that we have established ourselves as a reliable brand in India wherein our clients trust us for our quality, consistency and continuous performance.

OUR BUSINESS STRATEGIES:

1. **Expanding our Clientele Base:-** Our Company is strategizing to strengthen its cliental base. Our present customer base comprises of a large number of Overseas & Indian Companies/concerns. Our Company intends to grow business continuously by adding new customers.
2. **Leveraging our Market skills and Relationships:-** This is a continuous process in our organization and the skills that we impart in our people to give importance to customers. We aim to enhance the growth by leveraging our relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting orders in hand on time, maintaining our customer relationship and renewing our relationship with existing buyers.
3. **Pursue strategic acquisitions:** In order to expand, we seek to identify acquisition targets and/or joint venture partners whose resources, capabilities, technologies and strategies are complementary to and are enabling us to establish our presence in new geographical locations.
4. **Improving operational efficiencies:** Improving operational efficiencies is the key to success of any business. Our Company intends to improve efficiencies to achieve cost reductions so that they can be competitive. We believe that this can be done through domestic presence and economies of scale. Increasing our penetration in existing regions will enable us to penetrate into new catchment areas within these regions. As a result of these measures, our Company will be able to increase its market share and profitability.

COMPETITION

The industry in which we operate is highly competitive and fragmented. We have a lot of competition from regional and national carriers who are in business of manufacturing of Plastic moulded components. We compete a lot with other manufacturing and trader on basis of Service quality, price and reliability. While these factors are key Parameters in client's decision making matrix in availing service, we try to offer the best service at the most economical price. We provide services at a large scale and we provide options of various airlines which makes us offer best quality service in comparisons to our competitors.

We believe that scale of our operations allow us to meet customer requirements better than small manufacturer and distributors.

Due to industry fragmentation there is no authentic data available to our Company on total Industry size and market share of Our Company vis-vis Competitors.

MARKETING STRATEGY:

We undertake an exercise periodically to identify existing and prospective customers with the potential to develop into large clients. Our senior management is actively involved in managing customer relationships and business development through targeted interaction with multiple contacts at different levels on an ongoing basis. Our Company proposes to market the products to the major users of our products viz. infrastructure industry, construction industry, transportation and process engineering industry etc. We also propose to market our products through placing advertisement in newspapers, trade journals, participate in exhibitions and trade fairs and display our wide range of products to promote our products.

EXPORT POSSIBILITIES & EXPORT OBLIGATION:

We do not have any outstanding export obligations.

QUALITY:

We are wholly committed to build and sustain itself as an organization where quality shall be the hallmark of every aspect. We check the entire process right from procurement of materials to final delivery. Our maximum attention is paid to upgrade our process and system to achieve consistent product quality and customer satisfaction.

To maintain our quality policy we shall follow the basic system in the organization which are:

- All the members shall be participate in achieving the targets
- There should be transparency in ideas and methods of implementation for quality improvement in every step and every corner of production and testing
- A laid down procedure to maintain quality shall be implemented and distributed in respective areas
- There shall be clear instructions to maintain laid down quality checking
- Quality checking shall be start from in-coming raw material stage, pass through processing stage, final product, packing, storage and up to final stage of dispatch.

OUR MANAGEMENT

Board of Directors

Currently, our Company has 6 (Six) Directors on our Board comprising of 2 (Two) Executive Directors, and 2 (Two) Independent Directors and 2 (Two) Non Executive and Non Independent Director. The composition of the Board of Directors is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

The Articles of Association provide that our Company shall not have less than three Directors and not more than such number as provided in the Companies Act, 2013.

Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each Annual General Meeting. A retiring director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five years each.

The following table sets forth details regarding our Board of Directors as of the date of this Draft Letter of Offer.

| Name, Father's name, Address, Occupation, Nationality, tenure & DIN | Date of Birth | Status of Directorship in our Company | Other Directorships |
|---|----------------------|--|--|
| <p>1. Mr. Santosh Kumar Kushawaha S/o Ram Niwas Kushwaha 395, 2nd Floor, 46, Near Vardhman Public School, Amarnagar, Faridabad, Haryana-121003. Occupation: Business Nationality: Indian Tenure: Five years DIN: 02994228 PAN: AQOPK3040N</p> | 02.03.1987 | Managing Director | <p>1. SNP Infosolutions Limited Liability Partnership 2. Kyra Landscapes Limited 3. RDS Corporate Services Private Limited 4. Zotila Pharmaceuticals Limited</p> |
| <p>2. Mr. Abhishek Singh S/o Krishna Chandra Singh 3rd Floor, G1/244, Indra Enclave Sector-21d, St. Luke High School, Faridabad, Haryana-121001. Occupation: Service Nationality: Indian Tenure: Five Years DIN: 03603706 PAN: BWXPS8369G</p> | 10.07.1985 | Whole Time Director & CFO | Nil |

| Name, Father's name, Address, Occupation, Nationality, tenure & DIN | Date of Birth | Status of Directorship in our Company | Other Directorships |
|--|---------------|--|--|
| 3. Mr. Amit Thakur S/o Manoj Thakur H.No. 205, Sector-37, Noida, Gautam Budha Nagar, Uttar Pradesh-201303. Occupation: Service Nationality: Indian Tenure: Retire by rotation DIN: 09715772 PAN: BBIPT3325B | 22.09.1997 | Non-Executive and Non-Independent Director | Nil |
| 4. Mr. Vikram Sharma S/o Bharat Bhushan Sharma E-43, Block-E, Tagore Garden Extension, Tagore Garden, Delhi-110027. Occupation: Business Nationality: Indian Tenure: Retire by rotation DIN: 09683486 PAN: AYEPS9261R | 23.07.1980 | Non-Executive and Independent Director | 1. RDS Corporate Services Private Limited |
| 5. Mr. Tinku Kathuria S/o Bharat Bhushan House No. 1740, Ward No. 5, Jawahar Colony, Faridabad-121001 Occupation: Business Nationality: Indian Tenure: Five years DIN: 08699650 PAN: AOTPT0798M | 01.08.1992 | Non-Executive and Independent Director | Nil |
| 6. Ms. Preeti S/o Mahesh Garg 3rd - F-27, Nehru Nagar, Ghaziabad, Uttar Pradesh-201001. Occupation: Service Nationality: Indian Tenure: Five years DIN: 09662113 PAN: CQSPP2363K | 06.07.1984 | Non-Executive and Independent Director | 1. Elitecon International Limited 2. Rajnish Wellness Limited |

Relationship between Directors

None of the Directors are related to each other as per the provisions of the Companies Act, 2013.

Brief Profiles of Directors

1. Mr. Santosh Kumar Kushawaha:

Mr. Kushawaha was graduated in 2007 with BCA in Computers and did his PGDM in 2009 from IIPM University, Delhi. He started his career with Money Mine India as a researcher in stock market in 2009 till 2012, and then in 2012 he started his own investment Company and invested through stock market.

In 2016, Mr. Kushawaha appointed as a MD in A F Enterprises Ltd. but in 2017 he resigned from the Company due to personal reasons and started his own Firm naming Dr. Compliance where he used to advise compliance related matters to multiple Companies listed on BSE, he grew that business very early and turned the Company's turnover to manifold. Dr. Compliance is a renowned name in market for compliances related to stock exchange.

Mr. Kushawaha again appointed as MD in A F Enterprises in 2019 and emerge with a brand name of RIDH. His efforts made the Company profitable from a continuous loss of 3 years; the revenues grew over 10 times. He looks after day-to-day routine operational activities of our Company and formulation of business policies, strategies etc. He guides company in its growth strategies.

2. Mr. Abhishek Singh:

Mr. Abhishek is Master's in Business Administration. He is having more than 12 years of experience in accounts & Finance. He got appointed as Director in the Company in 2015 and as a CFO in the Company in the year 2019. He has worked in big organizations like Sahara, SGS Transpole Logistics India pvt. Ltd. and Hellmann Worldwide Logistics India pvt. Ltd and serve them in a managerial role. He is working in AF Enterprises since 2015 and given his valuable time to the organization. He looks after day-to-day routine operational activities of our Company.

3. Mr. Amit Thakur:

He is Graduate in Commerce having Rich Experience in costing. He is Non- Executive & Non-Independent Director of our company and was appointed on September, 02, 2022. He is having vast experience in plastic industry.

4. Mr. Vikram Sharma:

Mr. Vikram is graduated in commerce and having rich experience in handling business. He is handling production team in AF Enterprises Limited and guide in the usage and full utilization of raw material in the Manufacturing process. He joined the Company in the year 2022 and given his blueprints to the organization.

5. Mr. Tinku Kathuria:

Mr. Tinku is a Chartered Accountant and completed his Degree in the year 2019. He has a vast experience

in Finance and Taxation. He is a young and Dynamic person with innovative approach towards Finance. He is handling his own Practicing Firm of Chartered Accountants and also give his valuable time to the Company.

6. Ms. Preeti:

M-s. Preeti is a young & Dynamic professional. She is qualified associate member of the Institute of Company Secretaries of India (ICSI), a post graduate in Business Economics from Mewar Institute of management, CCS University, Meerut. She has experience of working as a Company Secretary in different companies. She strives for an experience that is both intellectually and professionally valuable and wish to contribute to the organization with hard work & dedication.

Details of any arrangement or understanding with major shareholders, customers, suppliers or others

Our Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Directors have been appointed in the Board.

Other Confirmations:

1. None of Directors are currently, or have been in the past five years, on the board of directors of a listed company whose shares have been or were suspended from being traded on the Stock Exchange.
2. None of our Directors is or was, in the past ten years, a director of any listed company which has been or was delisted from any stock exchange in India during the term of their directorship in such company.

CORPORATE GOVERNANCE

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting.

We have Board constituted Board Committees in compliance with the Companies Act. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our executive management provides the Board detailed reports on its performance periodically.

Currently, our Company has 6 (Six) Directors on our Board comprising of 2 (Two) Executive Directors, and 2 (Two) Independent Directors and 2 (Two) Non Executive and Non Independent Director.

The following committees have been formed in compliance with the Corporate Governance norms:

- A) Audit Committee
- B) Stakeholders Relationship Committee
- C) Nomination and Remuneration Committee

AUDIT COMMITTEE

Our Company has constituted an audit committee ("Audit Committee"), as per the provisions of Section 177 of the Companies Act, 2013 and regulation 18 of SEBI LODR Regulations.

The terms of reference of Audit Committee complies with the requirements of Companies Act, 2013 and regulation 18 of SEBI LODR Regulations. The committee presently comprises following three (3) directors. Mr. Tinku Kathuria is the Chairman of the Audit Committee.

| Sr. No. | Name of the Director | Status | Nature of Directorship |
|---------|----------------------|----------|------------------------|
| 1. | Mr. Tinku Kathuria | Chairman | Independent Director |
| 2. | Mr. Abhishek Singh | Member | Executive Director |
| 3. | Ms. Preeti | Member | Independent Director |

Role of Audit Committee

The terms of reference of the Audit Committee are given below:

- oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - o 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;
 - o changes, if any, in accounting policies and practices and reasons for the same;
 - o major accounting entries involving estimates based on the exercise of judgment by management;
 - o significant adjustments made in the financial statements arising out of audit findings;
 - o compliance with listing and other legal requirements relating to financial statements;
 - o disclosure of any related party transactions;
 - o modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the listed entity with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the listed entity, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 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;
- discussion with internal auditors of any significant findings and follow up there on;
- 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;
- 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;
- 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;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.
- consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- such other terms of reference/role as may be amended from time to time.

All the items listed in Section 177 of the Act and Regulation 18(3) read with Part C of Schedule II of the SEBI (LODR) Regulations, 2015 are covered in the terms of reference of the Audit Committee.

In addition, to carry out such other functions/powers as may be delegated by the Board to the Committee from time to time.

STAKEHOLDERS RELATIONSHIP COMMITTEE

Our Company has constituted a Stakeholders Relationship Committee ("*Stakeholders relationship committee*") to redress the complaints of the shareholders in terms of section 178 (3) of Companies Act, 2013 and regulation 19 of SEBI LODR Regulations. The committee currently comprises of three (3) Directors. Mr. Amit Thakur is the Chairman of the Stakeholders relationship Committee.

| Sr. No. | Name of the Director | Status | Nature of Directorship |
|---------|-----------------------------|-------------|------------------------|
| 1. | Mr. Amit Thakur | Chairperson | Non-Executive Director |
| 2. | Mr. Vikram Sharma | Member | Non-Executive Director |
| 3. | Mr. Santosh Kumar Kushawaha | Member | Executive Director |

Role of stakeholder Relationship committee

The Stakeholder Relationship Committee of our Board look into:

- Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of the annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for the effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- such other terms of reference/role as may be amended from time to time.

The status on various complaints received / replied is reported to the Board of Directors as an Agenda item.

NOMINATION AND REMUNERATION COMMITTEE

Our Company has constituted a Nomination and Remuneration Committee ("Nomination and Remuneration Committee") in terms of section 178 (3) of Companies Act, 2013 and regulation 19 of SEBI LODR Regulations. The Committee currently comprises of three (3) Directors. Ms. Preeti is the Chairperson of the Nomination and Remuneration Committee.

| Sr. No. | Name of the Director | Status | Nature of Directorship |
|---------|----------------------|-------------|------------------------|
| 1. | Ms. Preeti | Chairperson | Independent Director |
| 2. | Mr. Tinku Kathuria | Member | Independent Director |
| 3. | Mr. Amit Thakur | Member | Non-Executive Director |

The terms of reference of the Nomination and Remuneration Committee are as follows:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent

director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

- use the services of an external agencies, if required;
- consider candidates from a wide range of backgrounds, having due regard to diversity; and
- consider the time commitments of the candidates.
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- 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 of directors their appointment and removal.
- whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- recommend to the board, all remuneration, in whatever form, payable to senior management.
- such other terms of reference/role as may be amended from time to time.

Our Key Management Personnel and Senior Management Personnel

| S.No. | Name of key Management Personnel and Senior Management Personnel | Designation | Associated with the Company Since |
|-------|--|---------------------------|-----------------------------------|
| 1. | Mr. Santosh Kumar Kushawaha | Managing Director | 30/05/2019 |
| 2. | Mr. Abhishek Singh | Whole Time Director & CFO | 04/09/2015 |
| 3. | Ms. Payal Sachdeva | Company Secretary | 12/03/2021 |

Relationship of Key Managerial Personnel with our Directors, Promoter and / or other Key Managerial Personnel

There is no relationship between Key managerial personnel with Our Directors, Promoters and/ or Other Key Managerial personnel.

SECTION VI - FINANCIAL INFORMATION

FINANCIAL STATEMENTS

| Particulars | Page No. |
|---|----------|
| Audited Standalone and Consolidated Financial Statements for the financial year ended on March 31, 2022 | F1 |
| Limited Review Report and Unaudited Standalone and Consolidated Financial Statements for the Six months ended on September 30, 2022 | F65 |
| Statement of Accounting Ratios | 104 |

Material changes and commitments, if any, affecting our financial position

There are no material changes and commitments, which are likely to affect our financial position since March 31, 2022 till date of this Draft Letter of Offer. We have not given Restated Financials because we fall under Part-B of SEBI (ICDR), 2018. We have approved and filed the limited review financial results for the Six months ended September 30, 2022 with the Stock Exchange. For the limited review financial results for the Six months ended September 30, 2022, please see section "Financial Information" on page 103.

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Independent Auditor's Report

To
The members of
AF ENTERPRISES LIMITED

Report on the Audit of Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **AF ENTERPRISES LIMITED** ("the Company"), which comprise the balance sheet as at 31st March 2022, the statement of profit and loss, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information (hereby referred as 'the Standalone Financial Statements').

In our opinion and to the best of our information and explanations given to us, the aforesaid Standalone 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 principles generally accepted in India of the state of affairs of the Company as at 31st March, 2022, and the **net profit** (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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 ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the rules thereunder, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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 hereunder to be key audit matters to be communicated in our report.

| Key audit matters | Auditor's response |
|---|--|
| <p>Revenue from operations</p> <p>According to Ind AS 115, revenue to be recognized on satisfaction of performance obligation and transfer of control pertaining to goods.</p> | <p>Our audit procedure included the following-</p> <ul style="list-style-type: none">We assessed the company's process to consider the time of transfer of control of goods. |



| | |
|---|--|
| <p>Determination of transaction price for measurement of revenue according to Ind AS 115.</p> | <ul style="list-style-type: none">• We performed year end cut off procedures to determine whether revenues are recorded in the correct period.• We used assessment of overall control environment relevant for measurement of revenue.• We performed testing of journals, with particular focus on manual adjustment to revenue account, to mitigate the risk of manipulation of revenue and profit figures. |
|---|--|

Information other than the Standalone Financial Statements and Auditor’s Report Thereon

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Business Responsibility Report, Corporate Governance and Shareholder’s Information, but does not include the Standalone Financial Statements and our auditor’s report thereon.

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

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone 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.

Management’s Responsibility for the Standalone Financial Statements

The Company’s board of directors is 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, changes in equity and cash flows of the Company in accordance with the applicable accounting standards and the other 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 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 design, implementation and maintenance of adequate internal financial controls, that are operating effectively for insuring 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 misstatements, 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 is also responsible for overseeing the Company’s financial reporting process.



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

Our objectives are to obtain a 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 our 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 due to fraud or error and are considered material if, individually or in 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 the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (i) 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (ii) Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) 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.
- (v) 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 controls that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were 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, 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, 2020 ('the Order'), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the **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) 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.
 - 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, the Statement of Profit and Loss, statement of changes in equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Standalone Financial Statements comply with the Indian accounting standards specified under Section 133 of the Act;
 - e. On the basis of the written representations received from the directors as on 31st March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2022 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**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g. 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 Company has disclosed the impact, if any of pending litigations on its financial position, in its Standalone Financial Statements (Note 37).
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. (Refer Note 41)
 - iii. The Company is not required to transfer any amount to the Investor Education and Protection Fund. (Refer Note 42)
 - iv. (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or

V.N. PUROHIT & CO.
Chartered Accountants

entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that has considered reasonable and appropriate in the circumstances, nothing has come our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

v. No dividend has been declared or paid by the company during the period covered by this report in pursuant to Section 123 of the Companies Act 2013

h. In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its director during the current financial year is in accordance with the provision 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, read with Schedule V of the Act.

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E



O.P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



New Delhi, the 27th day of May 2022

ANNEXURE- A TO THE AUDITOR'S REPORT

The Annexure referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date to the members of AF Enterprises Limited (the Company) for the year ended on 31st March 2022.

- (i) (a) A. As per information and explanation given to us, the company is maintaining proper records showing full particulars, including quantitative details and situation of the Property, plant and equipment;
- B. As per information and explanation given to us, the company does not have any Intangible asset hence the provisions of sub clause (i)(a)(B) of para 3 of the order are not applicable;
- (b) As per information and explanation given to us, physical verification of the Property Plant and equipment has been conducted once in a year by the management and no material discrepancies were noticed during the course of verification;
- (c) According to information and explanation given to us, the company does not hold any immovable property during the year dealt with by this report. Accordingly, the provisions of sub-clause (i)(c) of para 3 of the order are not applicable;
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year. Accordingly, the provisions of sub-clause (i)(d) of para 3 of the order are not applicable;
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, the provisions of sub- clause (i)(e) of para 3 of the order are not applicable.
- (ii) (a) As per information and explanation given to us, physical verification of inventory has been conducted once in a year by the management and no material discrepancies were noticed during the course of verification furthermore inventory consisting of securities are held in dematerialized form, balances of same has been verified with securities closing balances available at Depository participant (i.e. NSDL/CDSL) further no material discrepancies were noticed during the course of such verification;
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not taken any working capital loan during the period covered by this report. Accordingly, the provisions of sub-clause (ii)(b) of para 3 of the order are not applicable.
- (iii) In respect of loans or advances in the nature of loans, secured or unsecured given to the companies, firms, limited liability partnership or any other parties during the year.
- (a) A. According to the information and explanations given to us, the Company has not granted granted loans or advances in the nature of loans, secured or unsecured to subsidiaries, associates and joint ventures.
- B. Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted loans to parties other than subsidiaries,



V.N. PUROHIT & CO.
Chartered Accountants

joint ventures and associates, aggregate amount of which given during the year is Rs. 24,793.54 thousands and balance outstanding of such loan as at 31st March 2022 amounting to Rs. 42,930.53 thousands;

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, the loans have been provided by the Company without any interest and with moratorium on principal amount and thus we are of the opinion that the terms and conditions of the loans given are, prima facie, prejudicial to the interest of the Company;

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the schedule of repayment of principal has been stipulated, however, the payment of interest has not been stipulated and accordingly the receipts are regular as stipulated in the arrangement.

(d) According to the information and explanations provided to us, the overdue management there is no loan overdue amount as per stipulations for more than ninety days in respect of loans given;

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan given falling due during the year, which has been renewed or extended during the year or fresh loans given during the year to settle the over dues of existing loans given to the same party;

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted loans either repayable on demand or without specifying any terms or period of repayment. Accordingly, the provisions under sub- clause (iii)(f) of para 3 of the order are not applicable.

- (iv) According to information and explanations given to us, the Company has complied with the provisions of Section 186 of Companies Act, 2013 to the extent applicable in respect of loans, advances, guarantees and securities so given. Furthermore, the Company has complied with the provisions of section 185 of the Companies Act, 2013 *except to the extent of passing of special resolution at the general meeting in respect of granting of loan to the entities in which director is interested;*
- (v) According to information and explanations given to us, the Company has not accepted any public deposits during the year and the provision of section 73 to 76 or other relevant provisions of the Companies Act, 2013 and rules framed thereunder are not applicable to the Company;
- (vi) According to information and explanations given to us, the Company is not liable to maintain cost records as prescribed under section 148(1) of the Companies Act, 2013;
- (vii) (a) According to information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including income-tax and any other applicable statutory dues to the appropriate authorities and there are no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable *except the following;*

| Name of Statute under which dues are outstanding | Amount (Rs. in '000') |
|---|------------------------------|
| Tax deducted at source under the Income tax Act | 1,567.55 |
| Tax collected at source under the Income tax Act | 46.39 |
| Employee's provident fund | 488.20 |
| Employee' ESI Payable | 3.06 |
| Labour welfare fund | 47.89 |



V.N. PUROHIT & CO.
Chartered Accountants

- (b) According to information and explanations given to us, there are no outstanding statutory dues on the part of Company which is not deposited on account of dispute;
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income-tax Act, 1961 as income during the year.
- (ix) (a) whether the company has defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender, if yes, the period and the amount of default to be reported as per the format below: -

| Nature of borrowing | Name of lender | Amount not paid (Rs. in '000') | Whether principal or interest | No. of days delay or unpaid | Remarks, if any |
|---------------------|-------------------|--------------------------------|-------------------------------|-----------------------------|---------------------------|
| Car Loan | Axis Bank Limited | 539.73 | Principal | 27 months | Unpaid since January 2020 |
| | | 118.40 | Interest | 27 months | |

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority;
- (c) According to the information and explanations given to us by the management, the company has utilised the loans against the purpose for which it was obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds have been raised on short-term basis that have been utilized for the long- term purpose by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any fund on account of or to meet the obligations of subsidiary.
- (f) According to the information and explanations given to us on an overall examination of the financial statements of the Company, we report that the Company has not raised loan during the year on the pledge of securities held in its subsidiary.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, the provisions of sub clause (x)(a) of para 3 of the order are not applicable;
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of sub clause (x)(b) of para 3 of the order are not applicable;
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit;



V.N. PUROHIT & CO.
Chartered Accountants

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

(c) According to the Information and explanations given to us, there are no whistle blower complaints received by the company during the year;

(xii) According to the information and explanation given to us and on the basis of our information and explanation of the records of the company is not a Nidhi Company. Hence the provisions of sub clause (xii) of para 3 of the order are not applicable;

(xiii) According to information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the Standalone Financial Statements etc., as required by the applicable Indian accounting standards;

(xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business;

(b) We have considered the internal audit reports of the Company issued till date for the period under audit;

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

(xvi) (a) According to information and explanations given to us, the Company is not a Non- Banking Financial Company and registered under Section 45-IA of the Reserve Bank of India Act, 1934;

(b) According to information and explanations given to us, The Company has not conducted Non-Banking Financial activities with a valid certificate from Reserve Bank of India as per the Reserve Bank of India Act, 1934;

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, provision of sub clause (xvi)(c) of para 3 the order are not applicable.

(d) According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the provisions of sub clause (xvi)(d) of para 3 the order are not applicable.

(xvii) The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, provision of sub clause (xviii) of para 3 of the order are not applicable.

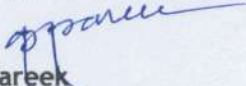
(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

V.N. PUROHIT & CO.
Chartered Accountants

- (xx) According to the information and explanations given to us, provisions of Corporate Social Responsibility (CSR) specified in section 135 read with schedule VII of Companies Act are not applicable upon the company.
- (xxi) According to the information and explanations given to us, there has not been any qualification and adverse remarks by the respective auditor in the Companies Auditor Report Order (CARO) reports of the companies included in the consolidated financial Statements.

Signed for the purpose of identification

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E


O.P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



New Delhi, the 27th day of May 2022

ANNEXURE- B TO THE AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of **AF ENTERPRISES LIMITED** as on 31st March 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Opinion

In our opinion, the Company has, in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on "the internal financial controls over financial reporting criteria 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".

Management's Responsibility for the 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 controls stated in the Guidance Note on Audit of Internal Financial Control 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 fraud and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control 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 risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.



V.N. PUROHIT & CO.
Chartered Accountants

We believe that the audit evidences 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

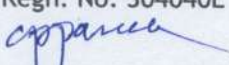
A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and the receipt and expenditures of the Company are being only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the Standalone 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 could not be detected. Also, projections of any evaluation of the internal financial control over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E


O.P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



New Delhi, the 27th day of May 2022

A F ENTERPRISES LIMITED
CIN : LF8100DL1983PLC016354

Standalone Balance Sheet as at 31st March 2022

| | Notes | (Rs. in '000') | |
|--|-------|--------------------------|--------------------------|
| | | As at 31st March 2022 | As at 31st March 2021 |
| ASSETS | | | |
| Non- current assets | | | |
| Property, plant and equipment | 3 | 39,851.76 | 54,697.44 |
| Financial assets | | | |
| Investments | 4 | 9,527.00 | 9,527.00 |
| Loans | 5 | 40,711.59 | 27,039.39 |
| Other non current assets | 6 | 1,439.40 | 178.80 |
| Current Assets | | | |
| Inventories | 7 | 39,769.21 | 10,039.41 |
| Financial assets | | | |
| Trade receivables | 8 | 853,576.45 | 879,151.31 |
| Cash and cash equivalents | 9 | 11,005.87 | 18,177.17 |
| Loans | 10 | 2,218.94 | 5,452.70 |
| Current tax assets (net) | | | |
| Other current assets | 11 | 158,581.17 | 55,221.00 |
| Total | | 1,156,681.39 | 1,059,484.21 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 12 | 129,136.36 | 95,136.36 |
| Other equity | 13 | 55,342.27 | 12,327.20 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 14 | 46,764.34 | 25,843.63 |
| Other financial liabilities | 15 | 397.02 | 4,936.94 |
| Provisions | 16 | 219.20 | 177.43 |
| Deferred tax liabilities | 17 | 2,849.40 | 2,322.52 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | 18 | | 561.45 |
| Outstanding dues to micro enterprises and small enterprises | | | |
| Outstanding dues of creditors other than micro enterprises and small enterprises | | 762,445.71 | 759,474.63 |
| Other financial liabilities | 19 | 1,616.17 | 447.56 |
| Other current liabilities | 20 | 153,311.65 | 155,184.67 |
| Provisions | 21 | 0.66 | 0.54 |
| Current tax liabilities (net) | | 4,598.61 | 3,071.27 |
| Total | | 1,156,681.39 | 1,059,484.21 |
| Notes to the Standalone financial statements | 1-46 | | |

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



For and on behalf of the Board of Directors of
For A F Enterprises Ltd.

Abhishek Singh
Director
DIN: 03603706

A F ENTERPRISES LIMITED

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228

For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K

COMPANY SECRETARY

New Delhi, the 27th day of May 2022

A F ENTERPRISES LIMITED
CIN : L18100DL1983PLC016354

Standalone Statement Of Profit And Loss For The Year Ended On 31st March 2022

| | | (Rs. in '000') | |
|--|-------|--|--|
| | Notes | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
| REVENUE | | | |
| Revenue from operations | 22 | 239,185.90 | 186,936.90 |
| Other income | 23 | 24,101.48 | 1,077.17 |
| Total revenue (I) | | 263,287.38 | 188,014.07 |
| EXPENSES | | | |
| Cost of materials consumed | 24 | 95,791.55 | 18,352.42 |
| Purchase of stock in trade | 25 | 89,512.05 | 63,417.27 |
| Changes in inventories of stock in trade | 26 | 521.45 | 60,766.81 |
| Operating costs | 27 | 7,911.42 | 6,431.16 |
| Employee benefits expense | 28 | 16,549.29 | 4,698.74 |
| Finance cost | 29 | 1,352.31 | 802.19 |
| Depreciation expenses | 3 | 13,601.22 | 16,233.93 |
| Other expenses | 30 | 22,280.74 | 24,401.59 |
| Total expenses (II) | | 247,520.03 | 195,104.11 |
| Profit/ (loss) before exceptional items and tax (I-II) | | 15,767.35 | (7,090.04) |
| Exceptional items | 31 | - | 19,500.36 |
| Profit/ (loss) before tax | | 15,767.35 | 12,410.32 |
| Tax expense | | | |
| Current tax | | (4,898.87) | (3,128.14) |
| MAT tax | | - | - |
| Deferred tax | | (508.39) | (1,535.14) |
| Profit/ (loss) after tax (III) | | 10,360.09 | 7,747.04 |
| OTHER COMPREHENSIVE INCOME | | | |
| (i) Items that will not be reclassified to profit or loss | 38 | 73.46 | 29.74 |
| A. (ii) Income tax relating to items that will not be reclassified to profit or loss | | (18.49) | (7.49) |
| B. (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| Total Other Comprehensive Income (IV) | | 54.97 | 22.25 |
| Total Comprehensive Income (III+IV) | | 10,415.06 | 7,769.29 |
| Earning per equity share (EPS) | | | |
| [nominal value of share Rs. 10] | | | |
| Basic (in Rs.) | | 0.96 | 1.59 |
| Diluted (in Rs.) | | 0.87 | 1.59 |
| Weighted Average No. of Equity Shares | | 10,771,171 | 4,861,034 |
| Weighted Average No. of Dilutive Equity Shares | | 11,971,171 | 4,861,034 |
| Notes to the Standalone financial statements | 1-46 | | |

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



For and on behalf of the Board of Directors of
For A F Enterprises Ltd. A F ENTERPRISES LIMITED

Abhishek Singh
Director & CFO
DIN: 03603706

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228

For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFRA2964K

COMPANY SECRETARY

New Delhi, the 27th day of May 2022

Standalone Cash Flow Statement For The Year Ended On 31st March 2022

| | For the year ended on 31st March 2022 | (Rs. in '000') For the year ended on 31st March 2021 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/ (loss) before tax and after extra- ordinary items | 15,767.35 | 12,410.32 |
| Adjustments for items: - | | |
| Derecognition of financial liability | (4,951.46) | - |
| Profit on sale of property, plant & equipment | (437.99) | (82.28) |
| Interest paid | 1,352.31 | 802.19 |
| Interest received | - | - |
| Provision for Gratuity | 115.35 | 115.46 |
| Depreciation on Property, plant & equipment | 13,601.22 | 16,233.93 |
| Operating Profit before working capital changes | 25,446.78 | 29,479.64 |
| Working capital adjustments: - | | |
| (Increase)/ decrease in trade receivables | 25,574.86 | (128,748.53) |
| (Increase)/ decrease in Inventories | (29,729.80) | 56,183.79 |
| (Increase)/ decrease in Other financial assets | - | - |
| (Increase)/ decrease in Other assets | (1,260.60) | (2,761.37) |
| Increase/ (decrease) in Current Assets | (103,360.17) | (153.40) |
| Increase/ (decrease) in Trade payables | 2,409.63 | 18,965.99 |
| (Increase)/ decrease in Other financial Liabilities | 1,580.15 | (2,303.09) |
| Increase/ (decrease) in Other liabilities | (1,873.02) | (4,157.22) |
| Cash generated from operations | (81,212.17) | (33,494.19) |
| Direct taxes paid | (3,371.53) | (56.88) |
| Net cash flow from operating activities (A) | (84,583.70) | (33,551.07) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ (Purchase) of Property, plant & equipment | 1,682.44 | 760.88 |
| Acquisition of subsidiary | - | (9,527.00) |
| Loans (given)/recovered | (10,438.44) | (5,000.01) |
| Interest received | - | - |
| Net cash flow from investing activities (B) | (8,756.00) | (13,766.13) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Issue of equity share capital | 61,200.00 | 60,650.00 |
| Proceeds from issue of Share Warrants | 5,400.00 | - |
| Interest paid | (1,352.31) | (802.19) |
| Net proceeds from borrowings | 20,920.71 | 5,568.80 |
| Net cash flow from financing activities (C) | 86,168.40 | 65,416.61 |
| Net cash flow during the year (A + B + C) | (7,171.30) | 18,099.40 |
| Add: Opening cash and cash equivalents | 18,177.17 | 77.77 |
| Closing cash and cash equivalents | 11,005.87 | 18,177.17 |
| Components of cash and cash equivalents | | |
| Cash on hand | 3,554.80 | 1,371.62 |
| Balances with banks in current accounts | 7,451.07 | 16,805.55 |
| Total cash and cash equivalents (Note 9) | 11,005.87 | 18,177.17 |

Notes to the Standalone financial statements

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

FOR V.N. PUROHIT & CO.

Chartered Accountants

Firm Regn. No. 304040E

O. P. ParEEK

Partner

Membership No. 014238

UDIN: 22014238AJTWVF2399



For and on behalf of the Board of Directors of
For A F Enterprises Ltd. A F ENTERPRISES LIMITED

Abhishek Singh
Abhishek Singh
Director & CFO
DIN: 03603706

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Santosh Kumar Kushawaha
Managing Director
DIN: 02994228

For AF ENTERPRISES LIMITED

Payal Sachdeva
Payal Sachdeva
Company Secretary
PAN: BEMF904R

New Delhi, the 27th day of May 2022

A F ENTERPRISES LIMITED
CIN : L18100DL1983PLC016354

Standalone Statement of Changes in Equity for the year ended on 31st March 2022

A. Equity Share Capital

| (Rs. in '000) | | | | |
|------------------------------|---|---------------------------------------|---|-------------------------------|
| Balance as at 1st April 2020 | Change in Equity Share Capital due to Prior Period Errors | Restated balance as at 1st April 2020 | Changes in equity share capital during the year | Balance as at 31st March 2021 |
| 40,000.00 | - | - | 55,136.36 | 95,136.36 |
| Balance as at 1st April 2021 | Change in Equity Share Capital due to Prior Period Errors | Restated balance as at 1st April 2021 | Changes in equity share capital during the year | Balance as at 31st March 2022 |
| 95,136.36 | - | - | 34,000.00 | 129,136.36 |

B. Other Equity

| Particulars | Reserve & Surplus | | Money Received against Share Warrants | Other Comprehensive Income | Total |
|--|-------------------|------------------|---------------------------------------|----------------------------|-----------|
| | Retained Earnings | Security Premium | | | |
| Balance as at 1st April 2020 | (955.73) | - | - | - | (955.73) |
| Change in accounting policy or prior period errors | - | - | - | - | - |
| Restated Balance as at 1st April 2021 | (955.73) | - | - | - | (955.73) |
| Received during the year | - | - | - | - | - |
| Conversion of warrants into Shares | - | - | - | - | - |
| Profit for the year | 7,747.04 | - | - | - | 7,747.04 |
| Prem. On issue of share capital | - | 5,513.64 | - | - | 5,513.64 |
| Other Comprehensive Income (net of tax) | - | - | - | - | - |
| Remeasurement of Defined Benefit Obligation | - | - | - | 22.26 | 22.26 |
| Total Comprehensive Income | 7,747.04 | 5,513.64 | - | 22.26 | 13,282.94 |
| Balance as at 31st March 2021 | 6,791.31 | 5,513.64 | - | 22.26 | 12,327.21 |
| Balance as at 1st April 2021 | 6,791.30 | 5,513.64 | - | 22.26 | 12,327.20 |
| Change in accounting policy or prior period errors | - | - | - | - | - |
| Restated Balance as at 1st April 2021 | 6,791.30 | 5,513.64 | - | 22.26 | 12,327.20 |
| Received during the year | - | - | 33,400.00 | - | 33,400.00 |
| Conversion of warrants into Shares | - | - | 28,000.00 | - | 28,000.00 |
| Profit/ (Loss) for the year | 10,360.09 | - | - | - | 10,360.09 |
| Premium on Issue of Share Capital | - | 27,200.00 | - | - | 27,200.00 |
| Other Comprehensive Income | - | - | - | - | - |
| Remeasurement of Defined Benefit Obligation | - | - | - | 54.97 | 54.97 |
| Total Comprehensive Income | 10,360.09 | 27,200.00 | 5,400.00 | 54.97 | 43,015.06 |
| Balance as at 31st March 2022 | 17,151.40 | 32,713.64 | 5,400.00 | 77.23 | 55,342.27 |

Notes to the Standalone financial statements

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Fareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

For AF Enterprises Ltd.

For AF Enterprises Ltd.

Abhishek Singh
Director & CEO
DIN: 03803706

Santosh Kumar Kushawaha
Managing Director
DIN: 02990228

For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary

PAN: BMFPA2964K

New Delhi, the 27th day of May 2022

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1 Corporate Information:

A F ENTERPRISES LIMITED (CIN L18100DL1983PLC016354) was incorporated on August 18th, 1983 under the Companies Act, 1956 with the Registrar of Companies AF Enterprises Limited (the Company) is engaged in the business of manufacture and trading of plastic and related products apart from trading in other goods such as fabric, emerald, glasses, etc. The Company is listed on Bombay Stock Exchange (BSE) [Script code: AFEL].

2 Significant Accounting Policies:

(a) Statement of Compliance with Ind AS:

The Standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. The Company has uniformly applied the accounting policies during the periods presented.

The financial statements are presented in Indian Rupees (Rs.) which is also the functional currency of the company.

(b) Basis for preparation of financial statements:

The Standalone financial statements have been prepared in historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end which is generally based on the fair value of consideration given in exchange for goods and services. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

(c) Use of Estimates:

The preparation of Standalone financial statements requires the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

(d) Significant Management judgement in applying accounting estimates:

(i) Income taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

(ii) Impairment of investments:

The carrying value of investments is reviewed at cost annually, or more frequently whenever, there is indication for impairment. If the recoverable amount is less than the carrying amount, the impairment loss is accounted for.

(iii) Provision:

Provisions are recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

(iv) Recognition of Deferred Tax Assets:

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

(e) Property, Plant and Equipment:

PPE are stated at actual cost less accumulated depreciation and net of impairment. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction/installation stage.

The Company has chosen the cost model for recognition and this model is applied to all class of assets. After recognition as an asset, an item of PPE is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciable amount of an asset is the cost of an asset less its estimated residual value.

Depreciation on PPE, including assets taken on lease, other than freehold land is charged based on Written Down Value method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013. The useful life of asset taken into consideration as per Schedule II for the purpose of calculating depreciation is as follows: -

| Particulars of Property, Plant & Equipment | Useful life (in years) |
|--|------------------------|
| Plant & Machinery (Tools & Dies) | 15 |
| Furniture & fixtures | 10 |
| Vehicles | 8 |
| Office Equipment | 5 |
| Computers & peripherals | 3 |

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment are determined as a difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.



For A F Enterprises Ltd.
[Signature]
Director

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For A F Enterprises Ltd.
[Signature]
Director

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(f) Revenue recognition:

Revenue is recognized when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognized depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Company is entitled to in exchange for the goods or services.

(i) Sale of goods:

Revenue from sale of goods is recognised when control over such goods have been transferred, being when the goods are delivered to the customers. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, risks of loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognized based on the price specified in the contract.

(ii) Dividend and interest income:

Dividend income from investments is recognised when the shareholders' right to receive such amount has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(iii) Other Income:

In respect of other heads of income in the Company's accounts the income shall be recognised on accrual basis.

(g) Foreign currency transactions:

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional and the foreign currency prevailing on date of transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Exchange differences arising on monetary items on settlement or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

(h) Financial Instruments:

(i) Financial Assets: -

Recognition and initial measurement: -

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction cost.

Subsequent measurement: -

Equity instrument and Mutual Fund: - All equity instrument and mutual funds within scope of IndAS 109 are measured at fair value. Equity instrument and Mutual fund which are held for trading are classified as at fair value through profit & loss (FVTPL). For all other equity instruments, the Company decided to classify them as at fair value through other comprehensive income (FVTOCI).

Debt instrument: - A 'debt instrument' is measured at the amortised cost if both the following conditions are met. The assets are held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such Financial Assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

De-recognition of Financial Assets:-

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its right to receive cash flow from the asset.

(ii) Financial Liabilities:

Recognition and initial measurement: -

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. Financial liabilities are classified as amortised cost.

Subsequent measurement: -

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

De-recognition of Financial liabilities: -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Consequently, write back of unsettled credit balances is done on closure of the concerned project or earlier based on the previous experience of management and actual facts of each case and recognized in other operating revenues.

Further, when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instrument: -

Financial Assets and Financial Liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on net basis, to realize the assets and settle the liabilities simultaneously.

(i) Impairment of Financial Assets

(1) Equity Instruments, Debt Instruments and Mutual Fund: -

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets. Expected Credit Loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

(ii) Other Financial Assets: -

The Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.



For A F Enterprises Ltd.

[Signature]

For A F Enterprises Ltd.

[Signature]

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

(j) Inventories

Inventories (other than quoted shares and securities) are valued at cost or net realisable value, whichever is lower. Cost is determined on FIFO and includes cost of purchase and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(k) Cash & Cash equivalents

Cash and cash equivalents in the Balance Sheet comprise of cash at bank and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(l) Taxation

Tax expense recognised in Statement of Profit and Loss comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with Income Tax Act, 1961. Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision.

Minimum Alternate Tax (MAT) credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognised on temporary differences arising between the carrying amount of assets and liabilities and the corresponding tax bases used in computation of taxable profit under Income Tax Act, 1961.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

(m) Earnings per share:

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit/ (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potentially dilutive equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

(n) Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent Assets and Contingent Liabilities are not recognized in the financial statements.

(o) Leases:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using the modified retrospective approach whereby a lessee applies the new standard from the beginning of the current period. The lessee calculates the lease asset and lease liability as at the beginning of the current period and recognized an adjustment in equity at the beginning of the current period. Accordingly, a lessee will not restate its prior period financial information under this approach.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.



For A F Enterprises Ltd.

[Signature]
Director

For A F Enterprises Ltd.

[Signature]
Director

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

On application of Ind AS 116, the nature of expenses has changed to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability, in place of lease rentals payments.

(p) Employee Benefits

(i) Short-term Employee Benefits: -

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-Employment Benefits: -

Defined Contribution Plans: The Company has defined contribution plans in respect of PF & ESI which are accounted for as and when contribution payments are made.

Defined Benefit Plans: The Company has a gratuity scheme payable to employees as per the provisions of the Payment of Gratuity Act, 1972. The actuarial valuation of the liability against such sum is made at the year end.



For A F Enterprises Ltd.

A handwritten signature in blue ink, appearing to be "Amit", written over the text "For A F Enterprises Ltd." and "Director".

Director

For A F Enterprises Ltd.

A handwritten signature in blue ink, appearing to be "H", written over the text "For A F Enterprises Ltd." and "Director".

Director

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

3 Property, plant and equipment

| | As at 31st March 2022 | As at 31st March 2021 |
|-------------------------------|--------------------------|--------------------------|
| (Rs. in '000') | | |
| Carrying amount: | | |
| Building Premises (ROU Asset) | | |
| Plant & Machinery | 322.78 | 4,196.18 |
| Furniture & fixtures | 36,449.61 | 44,504.91 |
| Vehicles | 2,132.81 | 2,833.96 |
| Office Equipment | 637.09 | 3,036.89 |
| Computers & peripherals | 168.17 | 27.95 |
| Total | 141.30 | 97.55 |
| | 39,851.76 | 54,697.44 |

| | Building Premises ROU Asset | Computers & peripherals | Motor Car | Furniture & fixtures | Office Equipment | Plant & Machinery | Total |
|--------------------------------|-----------------------------|-------------------------|-----------------|----------------------|------------------|-------------------|------------------|
| (Rs. in '000') | | | | | | | |
| Cost or Deemed Cost : | | | | | | | |
| Balance as at 1st April 2020 | 13,477.10 | 457.12 | 7,640.55 | 4,684.51 | 130.39 | 63,569.07 | 89,958.74 |
| Additions during the year | | 20.88 | | | | 468.67 | 489.55 |
| Sale/ disposal during the year | 1,682.23 | | | | | | 1,682.23 |
| Balance as at 31st March 2021 | 15,159.33 | 478.00 | 7,640.55 | 4,684.51 | 130.39 | 64,037.74 | 88,766.06 |
| Additions during the year | | 148.31 | | 36.30 | 179.06 | 3.90 | 367.57 |
| Sale/ disposal during the year | | | 4,000.00 | | | | 4,000.00 |
| Balance as at 31st March 2022 | 15,159.33 | 626.31 | 3,640.55 | 4,720.81 | 309.45 | 64,041.64 | 85,133.63 |

| | Building Premises ROU Asset | Computers & peripherals | Motor Car | Furniture & fixtures | Office Equipment | Plant & Machinery | Total |
|-----------------------------------|-----------------------------|-------------------------|-----------------|----------------------|------------------|-------------------|------------------|
| Accumulated Depreciation : | | | | | | | |
| Balance as at 1st April 2020 | 4,239.38 | 239.05 | 3,224.34 | 860.69 | 79.51 | 9,705.79 | 18,348.76 |
| Charge for the year | 3,873.39 | 141.39 | 1,379.32 | 989.86 | 22.93 | 9,827.04 | 16,233.93 |
| Adjustment for Sale/ disposal | 514.08 | | | | | | 514.08 |
| Balance as at 31st March 2021 | 7,598.69 | 380.44 | 4,603.66 | 1,850.55 | 102.44 | 19,532.83 | 34,068.61 |
| Charge for the year | 3,873.39 | 104.57 | 787.78 | 737.45 | 38.83 | 8,059.20 | 13,601.22 |
| Adjustment for Sale/ disposal | | | 2,387.98 | | | | 2,387.98 |
| Balance as at 31st March 2022 | 11,472.08 | 485.01 | 3,003.46 | 2,588.00 | 141.27 | 27,592.03 | 45,281.85 |

| | Building Premises ROU Asset | Computers & peripherals | Motor Car | Furniture & fixtures | Office Equipment | Plant & Machinery | Total |
|-------------------------------|-----------------------------|-------------------------|-----------|----------------------|------------------|-------------------|-----------|
| Carrying amount : | | | | | | | |
| Balance as at 31st March 2021 | 4,196.18 | 97.55 | 3,036.89 | 2,833.96 | 27.95 | 44,504.91 | 54,697.44 |
| Balance as at 31st March 2022 | 322.78 | 141.30 | 637.09 | 2,132.81 | 168.17 | 36,449.61 | 39,851.76 |

3.1 All the above property, plant & equipment are owned by the company.

3.2 The company has not made any of change (10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) in the value of Property, Plant & Equipments due to revaluation.

4 Investments

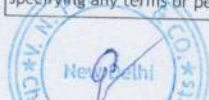
| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (Rs. in '000') | | |
| Investment in subsidiary (at amortised cost) | | |
| 95,270 (31st March 2021: 95,270) equity shares of Rs. 100 each fully paid in Aunik IT Solutions Private Limited | 9,527.00 | 9,527.00 |
| | 9,527.00 | 9,527.00 |

5 Loans non-current

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (Rs. in '000') | | |
| Unsecured, considered good (at amortised cost) | | |
| - to related parties | | |
| - to others | 14,698.51 | 5,836.97 |
| Less: Expected Credit loss | 26,115.11 | 21,202.42 |
| | 102.03 | |
| | 40,711.59 | 27,039.39 |

5.1 Additional disclosure in respect of non current loans and advances:-

| Particular | As at 31st March 2022 | | As at 31st March 2021 | |
|---|----------------------------|---|----------------------------|---|
| | Amount of loan outstanding | Percentage of the total loan and advances | Amount of loan outstanding | Percentage of the total loan and advances |
| Loans and advances granted to promoters, directors, KMPs and other related parties that are (a) repayable on demand; or (b) without specifying any terms or period of repayment | Nil | Nil | Nil | Nil |



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For A F Enterprises Ltd.

| | |
|---|-----------------------|
| 6 Other non current assets | <i>(Rs. in '000')</i> |
| | As at |
| | 31st March 2022 |
| Security deposit | 1,439.40 |
| | <u>1,439.40</u> |
| | As at |
| | 31st March 2021 |
| | 178.80 |
| | <u>178.80</u> |
| 7 Inventories | <i>(Rs. in '000')</i> |
| | As at |
| | 31st March 2022 |
| Stock in trade | 1,677.29 |
| - Quoted Equity Instruments (at Fair Value Through Profit & Loss FVTPL) | 1,792.42 |
| - Sunglasses | 107.25 |
| - Others | 299.07 |
| Finished Goods | 38,091.92 |
| - Plastic moulded components | 7,840.67 |
| | <u>39,769.21</u> |
| | <u>10,039.41</u> |
| 8 Trade receivables: current | <i>(Rs. in '000')</i> |
| | As at |
| | 31st March 2022 |
| Considered good - unsecured | 853,576.45 |
| | <u>853,576.45</u> |
| | 879,151.31 |
| | <u>879,151.31</u> |
| 8.1 Trade receivables ageing schedule | <i>(Rs. in '000')</i> |

| S No. | Particulars | Outstanding from due date of payment as on 31st March 2022 | | | | | Total |
|-------|--|--|-------------------|-----------|------------|-------------------|------------|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) | Undisputed Trade Receivables : Considered good | 80,689.83 | 1,209.27 | 20,456.70 | 578,824.36 | 172,396.28 | 853,576.45 |
| (ii) | Undisputed Trade Receivables : Considered doubtful | - | - | - | - | - | - |
| (iii) | Disputed Trade Receivables : Considered good | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivables : Considered doubtful | - | - | - | - | - | - |

| S No. | Particulars | Outstanding from due date of payment as on 31st March 2021 | | | | | Total |
|-------|--|--|-------------------|------------|------------|-------------------|------------|
| | | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) | Undisputed Trade Receivables : Considered good | 141,671.11 | 755.87 | 529,409.66 | 181,130.62 | 26,184.05 | 879,151.31 |
| (ii) | Undisputed Trade Receivables : | - | - | - | - | - | - |
| (iii) | Disputed Trade Receivables : Considered | - | - | - | - | - | - |
| (iv) | Disputed Trade Receivables : Considered | - | - | - | - | - | - |

| | |
|---|-----------------------|
| 9 Cash and cash equivalents | <i>(Rs. in '000')</i> |
| | As at |
| | 31st March 2022 |
| Cash on hand (as certified) | 3,554.80 |
| Balances with banks in current accounts | 7,451.07 |
| | <u>11,005.87</u> |
| | As at |
| | 31st March 2021 |
| | 1,371.62 |
| | 16,805.55 |
| | <u>18,177.17</u> |

| | |
|----------------------------|-----------------------|
| 10 Loans: current | <i>(Rs. in '000')</i> |
| | As at |
| | 31st March 2022 |
| Unsecured, considered good | 2,224.50 |
| Loan to body corporate | 5.56 |
| Loan to related party | 5,452.70 |
| Less: Expected Credit Loss | - |
| | <u>2,218.94</u> |
| | As at |
| | 31st March 2021 |
| | 5,452.70 |

10.1 Additional disclosure in respect of Current loans and advances:-

| Particular | As at 31st March 2022 | | As at 31st March 2021 | |
|---|----------------------------|---|----------------------------|---|
| | Amount of loan outstanding | Percentage of the total loan and advances | Amount of loan outstanding | Percentage of the total loan and advances |
| Loans and advances granted to promoters, directors, KMPs and other related parties that are (a) repayable on demand; or (b) without specifying any terms or period of repayment | Nil | Nil | Nil | Nil |



For A.F. Enterprises Ltd. *F22*

For A.F. Enterprises Ltd.

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

11 Other current assets

| | As at 31st March 2022 | (Rs. in '000') | As at 31st March 2021 |
|------------------------------------|--------------------------|----------------|--------------------------|
| Advance to suppliers | 117,230.45 | | 15,817.19 |
| Advance to replated party | 500.01 | | 119.35 |
| Advance to employees | 87.30 | | |
| Balances with revenue authorities | 1,742.45 | | 1,750.16 |
| Input credit under GST (Note 11.1) | 39,012.48 | | 37,534.28 |
| Prepaid expenses | 8.47 | | |
| | 158,581.17 | | 55,220.98 |

11.1 Input credit under GST includes a sum of Rs. 29,481.10 thousands challenged by the GST Department pursuant to search conducted on 6th September 2019. The matter is pending for adjudication.

12 Equity share capital

| | 31st March 2022 | | 31st March 2021 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Nos. | (Rs. in '000') | Nos. | (Rs. in '000') |
| Authorized shares | | | | |
| Equity shares of Rs. 10 each | 24,500,000 | 245,000.00 | 24,500,000 | 245,000.00 |
| | 24,500,000 | 245,000.00 | 24,500,000 | 245,000.00 |
| Issued, subscribed and fully paid- up shares | | | | |
| Equity shares of Rs. 10 each fully Paid up | 12,913,636 | 129,136.36 | 9,513,636 | 95,136.36 |
| | 12,913,636 | 129,136.36 | 9,513,636 | 95,136.36 |

12.1 Reconciliation of number of equity shares and amount outstanding

| | 31st March 2022 | | 31st March 2021 | |
|---|-------------------|-------------------|------------------|------------------|
| | Nos. | (Rs. in '000') | Nos. | (Rs. in '000') |
| Equity Shares | | | | |
| At the beginning of the period | 9,513,636 | 95,136.36 | 4,000,000 | 40,000.00 |
| Add: Preferential Allotment(12.2) | | | 5,513,636 | 55,136 |
| Add: Conversion of Share Warrants (Note 12.3) | 2,800,000 | 28,000.00 | | |
| Add: Sweat Equity shares issued (Note 12.4) | 600,000 | 6,000.00 | | |
| Total outstanding at the end of the period | 12,913,636 | 129,136.36 | 9,513,636 | 95,136.36 |

12.2 During the yearended on 31st March 2021, the company has allotted 55,13,636 equity Shares of face value of 10 each at a price of Rs. 11 (inclusive of premium of Rs. 1) aggregating to Rs. 6,06,49,996 dated 02.02.21, for cash to strategic investors

12.3 During the year, the company has issued 40,00,000 Share warrants at an issue price of Rs. 18 each as per terms approved by shareholders in postal ballot held on 5th July 2021. Every share warrant has an option of conversion into one equity share of Rs. 10 each to be exercised by the warrant holder within 18 months of the issue by the Company. Out of 40,00,000 share warrants, 28,00,000 share warrants were converted into the equity shares and 12,00,000 share warrants are pending at the end of the year.

12.4 During the year, the Company has allotted 6,00,000 equity Shares of face value of 10 each at a price of Rs. 18 (inclusive of premium of Rs. 8) each for a consideration other than cash for value addition in the company by the respective allottees i.e. Directors of the company.

12.5 Terms and rights attached to equity shares

The company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividend if any, in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

12.6 Details of shareholders holding more than 5% shares in the company :

| | 31st March 2022 | | 31st March 2021 | |
|---|-----------------|-----------|-----------------|-----------|
| | Nos. | % holding | Nos. | % holding |
| Anjaneyaputra Human Resource Consultancy Pvt. | 1,000,000 | 7.74% | 1,000,000 | 10.51% |
| Rishan Singh Keer | 1,000,000 | 7.74% | - | 0.00% |
| Anuva Kaur Keer | 1,000,000 | 7.74% | - | 0.00% |
| Rakesh Rawat | 950,000 | 7.36% | 950,000 | 9.99% |
| Shashi Rawat | 950,000 | 7.36% | 950,000 | 9.99% |
| Sandeep Arneja | 950,000 | 7.36% | 950,000 | 9.99% |
| RMS Mosquito Pvt Ltd | 807,600 | 6.25% | 807,600 | 8.49% |
| RDS Corporate Services Private Limited | 800,000 | 6.20% | - | 0.00% |
| Sahil Arora | 650,000 | 5.03% | 500,000 | 5.26% |

As per records, registers and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

12.7 Details of shares held by promoters in the Company

| Promoter Name | Shares held by the promoters at the end of the period March 2022 | | Shares held by the promoters at the end of the period 31st March 2021 | | % Change during the year |
|------------------------------|--|-------------------|---|-------------------|--------------------------|
| | No. of Shares | % of total Shares | No. of Shares | % of total Shares | |
| RMS Mosquito Private Limited | 807,600 | 6.25 | 807,600 | 8.49 | |

There is no change in promoters shareholding during the period ended March 31, 2022 and March 31, 2021, due to increase in non promoter shareholding on further issue of capital.

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (Rs. in '000') | | |
| 13 Other equity | | |
| Reserve & Surplus | | |
| Security Premium: | | |
| Opening balance | 5,513.64 | |
| Add/(less) : Changes during the year | 27,200.00 | 5,513.64 |
| Closing balance | <u>32,713.64</u> | <u>5,513.64</u> |
| Retained earnings: | | |
| Opening balance | 6,791.31 | (955.73) |
| Add/(less) : Profit/ (loss) for the year | 10,360.09 | 7,747.04 |
| Closing balance | <u>17,151.40</u> | <u>6,791.31</u> |
| | 49,865.04 | 12,304.95 |
| Money received against share warrants | | |
| Opening balance | | |
| Add: received during the year | 33,400.00 | |
| Less: conversion of warrant into equity shares | 28,000.00 | |
| Closing balance | <u>5,400.00</u> | |
| Fair Value through Other Comprehensive Income | | |
| Remeasurement of Defined Benefit Obligation: | | |
| Opening balance | 22.26 | |
| Add/(less) : Changes during the year (net of tax) | 54.97 | 22.26 |
| Closing balance | <u>77.23</u> | <u>22.26</u> |
| Total Other Equity | <u>55,342.27</u> | <u>12,327.21</u> |

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (Rs. in '000') | | |
| 14 Borrowings: non-current | | |
| From Banks | | |
| Secured loans: | | |
| Finance lease obligations (Note 14.1) | 1261.5 | 1426.18 |
| Less: current portion t/f to other financial liabilities (note 19) | (312.16) | (447.56) |
| | 949.34 | 978.62 |
| From other Parties | | |
| Unsecured loans | | |
| From Others | 45,815.00 | 24,865.01 |
| | <u>46,764.34</u> | <u>25,843.63</u> |

14.1 Finance lease obligation reflects car loans obtained from Axis Bank Ltd and HDFC Bank Ltd. Loan of Rs. 1,400.00 thousands has been obtained from Axis Bank Ltd. repayable in 60 Equated Monthly Installments of Rs. 29.57 thousands whereas Rs. 1,406.76 thousands has been obtained from HDFC Bank Ltd. repayable in 60 Equated Monthly installments of Rs. 29.21 thousands. Such loans are secured against hypothecation of respective vehicles.

14.2 Default in repayment of loan from Axis Bank Ltd.

| | Amount of Default | Interest outstanding during default period | Period of default |
|--|-------------------|--|------------------------|
| | 539.73 | 118.40 | January 2020 till date |

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| (Rs. in '000') | | |
| 15 Other financial liabilities - non current | | |
| Lease Liability (as per Ind AS 116) | 397.02 | 4,936.94 |
| | <u>397.02</u> | <u>4,936.94</u> |

| | As at 31st March 2022 | As at 31st March 2021 |
|----------------------------------|--------------------------|--------------------------|
| (Rs. in '000') | | |
| 16 Provisions-Non current | | |
| Provision for gratuity | 219.20 | 177.43 |
| | <u>219.20</u> | <u>177.43</u> |

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (Rs. in '000') | | |
| 17 Deferred tax (assets)/Liabilities (net) | | |
| At the start of the year | 2,322.52 | 779.90 |
| Charge/ credit to statement of profit and loss & OCI | 526.88 | 1,542.62 |
| At the end of year | <u>2,849.40</u> | <u>2,322.53</u> |



17.1 Deferred tax asset is recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

17.2 The tax effect of significant timing differences that has resulted in deferred tax assets are given below:-

| Particulars | For the year ended on 31st March 2022 (Rs. in '000') | | | |
|---|--|-------------------------------|-------------------|------------------------|
| | As at 1st April, 2021 | Recognized in profit and loss | Recognized in OCI | As at 31st March, 2022 |
| Property, plant and equipment | 2,547.74 | 357.19 | - | 2,904.93 |
| Losses carried forward under the Income Tax Act, 1961 | - | - | - | - |
| Provision For Gratuity | (38.79) | (16.55) | 18.49 | (36.84) |
| Others | (186.43) | 167.75 | - | (18.68) |
| Total | 2,322.52 | 508.39 | 18.49 | 2,849.41 |

| Particulars | For the year ended on 31st March 2021 (Rs. in '000') | | | |
|---|--|-------------------------------|-------------------|------------------------|
| | As at 1st April, 2020 | Recognized in profit and loss | Recognized in OCI | As at 31st March, 2021 |
| Property, plant and equipment | 1,910.19 | 637.55 | - | 2,547.74 |
| Losses carried forward under the Income Tax Act, 1961 | (930.10) | 930.10 | - | - |
| Provision For Gratuity | (176.98) | 130.71 | 7.49 | (38.79) |
| Others | (23.22) | (163.22) | - | (186.43) |
| Total | 779.89 | 1,535.14 | 7.49 | 2,322.52 |

18 Trade payables: current

| | As at 31st March 2022 | (Rs. in '000') As at 31st March 2021 |
|--|--------------------------|--|
| Outstanding dues to micro enterprises and small enterprises (Note 18.1) | - | 531.28 |
| Interest dues to micro enterprises and small enterprises (Note 18.1 & 18.2) | - | 30.17 |
| Outstanding dues of creditors other than micro enterprises and small enterprises | 762,445.71 | 759,474.63 |
| | 762,445.71 | 760,036.08 |

18.1 Details of balance amount outstanding to micro, small and medium enterprises :

| Particulars | As at 31st March 2022 | (Rs. in '000') As at 31st March 2021 |
|--|--------------------------|--|
| (i) Unpaid amount to any supplier | - | 531.28 |
| a) Principal amount | - | 531.28 |
| b) Interest thereon | - | 30.17 |
| (ii) Interest paid as per Sec 16 of MSMED Act, 2006 during the year | - | - |
| (iii) Interest due and payable for the delayed payments made during the year | - | - |
| (iv) Interest accrued and remaining unpaid | - | - |
| (v) Further interest due and payable, which are disallowed as a deductible expense under Sec 23 of MSMED Act, 2006 | - | 30.17 |

18.2 Interest liability computed at the rate of three times of Bank rate issued by RBI i.e., @ 12.75% per annum.

18.3 Trade payable due for payment and the ageing schedule as below:-

| Particulars | (Rs. in '000') Outstanding from due date of payment as on 31st March 2022 | | | | |
|-----------------------------|--|-----------|-----------|-------------------|---------|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| (i) Others | 165,847 | 2,298 | 416,687 | 177,613 | 762,446 |
| (ii) MSME | - | - | - | - | - |
| (iii) Disputed dues : MSME | - | - | - | - | - |
| (iv) Disputed dues : others | - | - | - | - | - |

| Particulars | (Rs. in '000') Outstanding from due date of payment as on 31st March 2021 | | | | |
|-----------------------------|--|------------|------------|-------------------|------------|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| (i) Others | 92,128.81 | 400,096.95 | 188,811.56 | 78,437.31 | 759,474.63 |
| (ii) MSME | 400.85 | 160.60 | - | - | 561.45 |
| (iii) Disputed dues : MSME | - | - | - | - | - |
| (iv) Disputed dues : others | - | - | - | - | - |

19 Other financial liabilities: current

| | As at 31st March 2022 | (Rs. in '000') As at 31st March 2021 |
|---|--------------------------|--|
| Current maturities of finance lease obligations (refer note 14) | 312.16 | 447.56 |
| Expenses payable | 1,304.01 | - |
| | 1,616.17 | 447.56 |



| | As at 31st March 2022 | (Rs. in '000') As at 31st March 2021 |
|--|--|--|
| 20 Other current liabilities | | |
| Advance received from customers | 150,550.53 | 152,679.12 |
| TDS Payable | 927.63 | 503.12 |
| TCS payable | 203.96 | 46.39 |
| EPF, ESI and LWF payable | 831.08 | 635.12 |
| Other expenses payables | 798.45 | 1,320.92 |
| | <u>153,311.65</u> | <u>155,184.67</u> |
| 21 Provisions: current | | |
| For Gratuity | 0.66 | 0.54 |
| | <u>0.66</u> | <u>0.54</u> |
| 22 Revenue from operation | | |
| <u>Sale of goods:</u> | For the year ended on 31st March 2022 | (Rs. in '000') For the year ended on 31st March 2021 |
| Plastic Products | 136,935.17 | 42,289.30 |
| Rough emerald | 101,964.01 | 137,452.93 |
| Others | 286.72 | 65.43 |
| <u>Sale of shares & securities</u> | <u>239,185.90</u> | <u>186,936.90</u> |
| 23 Other income | | |
| Foreign exchange fluctuation gain | 17,482.30 | 602.04 |
| Profit & Loss on Sale of PPE | 437.99 | 42.85 |
| Sale of MEIS License | - | - |
| Discount received | 1,216.78 | - |
| Miscellaneous income | 12.95 | - |
| Derecognition of financial liability | 4,951.46 | - |
| Rental income | - | 350.00 |
| Derecognition on lease liability | - | 82.28 |
| | <u>24,101.48</u> | <u>1,077.17</u> |
| 24 Cost of materials consumed | | |
| Opening stock of raw materials | 7,840.67 | 3,257.65 |
| Add: purchases during the year | 126,042.80 | 22,935.44 |
| Less: closing stock of raw materials | (38,091.92) | (7,840.67) |
| | <u>95,791.55</u> | <u>18,352.42</u> |
| 25 Purchase of stock in trade | | |
| Rough emerald | 88,545.55 | 55,044.99 |
| Others | 966.50 | 8,304.28 |
| Shares & securities | <u>89,512.05</u> | <u>63,417.27</u> |
| 26 Changes in inventories | | |
| Opening balance of stock in trade | 2,198.74 | 62,965.55 |
| Closing balance of stock in trade | (1,677.29) | (2,198.74) |
| Changes in inventories of stock in trade | <u>521.45</u> | <u>60,766.81</u> |
| 27 Operating Costs | | |
| Wages | 5,213.05 | 3,278.19 |
| Job Work Expenses | 569.20 | 1,130.85 |
| Fuel & power expenses | 614.18 | 565.05 |
| Consumables | 1,361.29 | 1,087.27 |
| Loading & freight | 153.70 | 369.80 |
| | <u>7,911.42</u> | <u>6,431.16</u> |



28 Employee benefits expense

| |
|---------------------------------|
| Director Remuneration (Note 32) |
| Salaries and allowances |
| Employer contribution to PF |
| Employer contribution to ESIC |
| Gratuity Expense (Note 38) |
| Staff Welfare |

| |
|--|
| For the year ended on 31st March 2022 |
| 11,159.85 |
| 4,733.88 |
| 147.07 |
| 29.66 |
| 115.35 |
| 363.48 |
| <u>16,549.29</u> |

| |
|--|
| (Rs. in '000') |
| For the year ended on 31st March 2021 |
| 360.00 |
| 3,805.20 |
| 169.05 |
| 36.51 |
| 115.46 |
| 212.53 |
| <u>4,698.74</u> |

29 Finance cost

| |
|--|
| Interest on lease liability (as per Ind AS 116) (Note 3.3) |
| Interest to banks |
| Interest to others |

| |
|--|
| For the year ended on 31st March 2022 |
| 260.08 |
| 116.87 |
| 975.36 |
| <u>1,352.31</u> |

| |
|--|
| (Rs. in '000') |
| For the year ended on 31st March 2021 |
| 646.46 |
| 104.45 |
| 51.28 |
| <u>802.19</u> |

30 Other expenses

| |
|---|
| Advertisement expenses |
| Payment to statutory auditors (Note 37) |
| Bank charges |
| Balance written off |
| Certification charges |
| Consolidated charges |
| Conveyance expenses |
| Discount |
| Electricity and maintenance expenses |
| Expected Credit Loss |
| Festival expenses |
| Foreign exchange fluctuation loss |
| Filing fees & subscription |
| Fittings |
| Freight & cartage |
| GST penalty |
| Interest and penalties |
| Interest due on delay Payment to MSME |
| Job work expense |
| Labour welfare |
| Late delivery charges |
| Legal & professional charges |
| Miscellaneous expenses |
| Membership & registration fees |
| Office expenses |
| Printing & stationery |
| Product testing charges |
| Rent, rate & taxes |
| Repair & maintenance of plant & machinery |
| Recruitment expenses |
| Reimbursement expenses |
| RTA expenses |
| ROC expenses |
| Security charges |
| Service Charge |
| Software Renewal |
| Stamp Papers |
| Telephone & internet expense |
| Tender Fees |
| Tour & Travels |
| Vehicle running & maintenance |
| Workspace Expenses(Mail) |

| |
|--|
| For the year ended on 31st March 2022 |
| 3,548.72 |
| 100.00 |
| 116.33 |
| 4.04 |
| 85.72 |
| 3.39 |
| 74.46 |
| 6.74 |
| 8,244.24 |
| 107.60 |
| 1,425.15 |
| 1,717.90 |
| - |
| 88.00 |
| 1,533.78 |
| - |
| 0.33 |
| - |
| - |
| 16.27 |
| - |
| 1,034.89 |
| 0.63 |
| 884.38 |
| 231.01 |
| 101.95 |
| 55.50 |
| 362.97 |
| 1,027.97 |
| - |
| - |
| 22.72 |
| 14.70 |
| 661.28 |
| 26.30 |
| 10.80 |
| 0.50 |
| 152.67 |
| 29.79 |
| 309.37 |
| 238.14 |
| 42.50 |
| <u>22,280.74</u> |

| |
|--|
| (Rs. in '000') |
| For the year ended on 31st March 2021 |
| 79.57 |
| 105.50 |
| 69.64 |
| - |
| 92.73 |
| 77.15 |
| 71.23 |
| 86.76 |
| 6,001.38 |
| - |
| 10,432.60 |
| 400.00 |
| 209.90 |
| 774.79 |
| 43.99 |
| - |
| 30.17 |
| 574.93 |
| 14.17 |
| 103.25 |
| 399.06 |
| 5.74 |
| 48.81 |
| 199.99 |
| 26.81 |
| 48.97 |
| 32.66 |
| 1,411.41 |
| 15.50 |
| 5.05 |
| - |
| 1,826.05 |
| 991.39 |
| - |
| - |
| - |
| 125.70 |
| 6.75 |
| 62.80 |
| 27.14 |
| <u>24,401.59</u> |

31 Exceptional item for Rs. 19,500.36 thousands during the year ended on 31st March 2021, is related to remission of liability against previous year's wages and advertisement expenditure. Vendors has settled & issued credit note during the year ended 31st March 21. The effect of adjustments has been results to increase in earning per share (EPS) (Basic & Diluted) for the year ended on 31st March, 2021 by Rs. 3.01



For A F Enterprises Ltd.

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For A F Enterprises Ltd.

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

32 Related Parties: -

As per IND AS 24, the disclosures of transactions with the related parties are given below:

(i) List of related parties where control exists and also related parties with whom transactions have taken place and relationship:

| | | |
|-----|--|--|
| (a) | Subsidiary/ Associate Entity | Aunik IT Solutions Private Limited |
| (b) | Key Management Personnel | Mr. Santosh Kumar Kushwaha (Director) Mr. Sahil Arora (Director) Ms. Shagun Ajmani (Director) Mr. Abhishek Singh (Director & CFO) Ms. Payal Sachdeva (Company Secretary) Ms. Prerna Sethi (Past Director) Mr. Neeraj Kumar Singh (Past CFO) Ms. Bhawna (Past Company Secretary) |
| (c) | Relatives of Key Management Personnel | None |
| (d) | Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives | M/s RDS Corporate Services Private Limited M/s SNP Infosolutions LLP M/s RMS Mosquito Private Limited M/s Consider Done |

(b) Transaction with Related Parties:-

| | Transaction with | Nature of Transaction | Transactions during the year | |
|-----|--|---|------------------------------|-----------------|
| | | | (Rs. in '000) | |
| | | | 31st March 2022 | 31st March 2021 |
| (a) | Subsidiary Company: - | | | |
| | Aunik IT Solutions Private Limited | Investment in Equity Shares | Nil | 9,527.00 |
| | | Loans Given | 10,000.00 | Nil |
| | | Loan Recovered | 10,000.00 | Nil |
| | | Purchases | Nil | 6,526.28 |
| (b) | Key Management Personnel: - | | | |
| | Mr. Sahil Arora | Loans received | 3737 | Nil |
| | | Loans repaid | 3737 | Nil |
| | | Issue of Share Capital | Nil | 5500 |
| | | Remuneration (Sweat Equity Shares Issued) | 2700.00 | Nil |
| | Ms. Shagun Ajmani | Loans received | 1778 | Nil |
| | | Loans repaid | 1700 | Nil |
| | | Issue of Share Capital | Nil | 4,000.00 |
| | | Remuneration (Sweat Equity Shares Issued) | 2700.00 | Nil |
| | Mr. Abhishek Singh | Remuneration | 359.85 | 360 |
| | | Reimbursement of Expenses | 1,219.75 | Nil |
| | | Advance against salary | 500.01 | Nil |
| | Mr. Santosh Kumar Kushwaha | Advance received from | Nil | 81 |
| | | Remuneration (Sweat Equity Shares Issued) | 5,400.00 | Nil |
| | | Loans Received | 3,012.00 | Nil |
| | | Loans Repaid | 787.50 | Nil |
| | Ms. Payal Sachdeva | Remuneration | 360.72 | Nil |
| (c) | Relatives of Key Management Personnel :- | None | | |
| (d) | Enterprises in which Key Management Personnel and Relatives are having significant influences :- | | | |
| | M/s RDS Corporate Services Private Limited | Loans given | 562.00 | Nil |
| | | Loans recovered | Nil | Nil |
| | | Issue of Share Warrants | 14400.00 | Nil |
| | M/s SNP Solutions LLP | Advance received from customer | Nil | Nil |
| | M/s Consider Done | Loan Given | 17019.54 | Nil |
| | | Loan Recovered | 8720.00 | Nil |

(c) Balance with the Related Parties:-

| | Transaction with | Nature of Transaction | Balance as at | |
|-----|------------------------------------|-----------------------------|-----------------|-----------------|
| | | | (Rs. in '000) | |
| | | | 31st March 2022 | 31st March 2021 |
| (a) | Subsidiary Company: - | | | |
| | Aunik IT Solutions Private Limited | Investment in Equity Shares | Nil | 9,527.00 |
| | Credit Purchase | | | Nil |



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For A F Enterprises Ltd.

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

| | | | | |
|-----|---|---------------------------------------|----------|----------|
| (b) | Key Management Personnel :- | | | |
| | Mr. Sahil Arora | Borrowing | Nil | Nil |
| | | Issue of Share Capital pending issue | Nil | Nil |
| | | Remuneration Payable | Nil | Nil |
| | Ms. Shagun Ajmani | Borrowing | 78 | Nil |
| | | Issue of Share Capital pending issue | Nil | Nil |
| | | Remuneration Payable | Nil | Nil |
| | Mr. Abhishek Singh | Remuneration Payable | Nil | 30.00 |
| | | Expenses Payable | Nil | Nil |
| | | Advance against salary | 500.01 | Nil |
| | Mr. Santosh Kumar Kushwaha | Advance received from | Nil | 2,040.41 |
| | | Remuneration Payable | Nil | Nil |
| | | Loans & Advances | 2,224.50 | Nil |
| | Ms. Payal Sachdeva | Remuneration Payable | Nil | Nil |
| (c) | Relatives of Key Management Personnel :- None | | | |
| (d) | Enterprises in which Key Management Personnel and Relatives are having significant influences :- | | | |
| | M/s RDS Corporate Services Private Limited | Loans & Advances | 6,398.97 | 5,836.97 |
| | | Issue of Share Warrants pending issue | Nil | Nil |
| | M/s SNP Infosolutions LLP | Advance received from customer | 195.00 | 195.00 |
| | M/s Consider Done | Loans & Advances | 8299.54 | Nil |

33 Segment Information:

The Company has identified five reportable segments viz., shares and securities, rough emerald, fabric, glasses and plastic molded components after taking into account the nature of product and services and the differing risk and returns on such products and services. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting: -

- Revenue and expenses have been identified to a segment on the basis of relation to operating activities of the segment. Revenue and expenses that relates to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Un-allocable".
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Un-allocable".
- Segment Information:

| Particulars | 31st March 2022 | 31st March 2021 |
|---|---------------------|---------------------|
| (Rs.in'000') | | |
| Segment Revenue: - | | |
| Shares & securities | | |
| Rough emerald | 286.72 | 7,129.24 |
| Plastic molded components | 101,964.01 | 137,452.93 |
| Unallocable | 136,935.17 | 42,289.30 |
| Total Revenue | 239,185.90 | 186,936.90 |
| Segment Results | | |
| (Profit/ loss before interest and taxes) | | |
| Shares & Securities | | |
| Rough Emerald | (794.91) | 145.01 |
| Plastic molded components | 13,418.45 | 20,269.07 |
| Less: Interest | 18,375.35 | (4,552.11) |
| Less: Other Un-allocable expenditure (net) | (1,352.31) | (802.19) |
| Total Profit Before Taxes | 15,767.35 | 12,509.87 |
| Segment assets | | |
| Shares & Securities | | |
| Rough Emerald | 1,677.29 | 1,792.42 |
| Fabrics | - | 121,924.45 |
| Glasses | 228,359.93 | 238,358.01 |
| Plastic molded components | - | 3,755.31 |
| Un-allocable | 623,887.83 | 61,994.45 |
| Total | 1,156,681.39 | 1,059,484.20 |
| Segment liabilities | | |
| Shares & Securities | | |
| Rough Emerald | 1,696.31 | 741.46 |
| Fabrics | 95,892.28 | 229,602.93 |
| Glasses | 254,059.94 | 132,072.13 |
| Plastic molded components | - | - |
| Un-allocable | 428,250.50 | 403,859.71 |
| Total | 972,202.76 | 949,598.57 |



For A F Enterprises Ltd.

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For A F Enterprises Ltd.

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

| Capital employed | | |
|---------------------------|-------------------|-------------------|
| Shares & Securities | | |
| Rough Emerald | (19.02) | 1,050.96 |
| Fabrics | (95,892.28) | (107,678.49) |
| Glasses | (25,700.01) | 106,285.88 |
| Plastic molded components | | 3,755.31 |
| Un-allocable | 195,637.33 | (341,865.26) |
| Total | 110,452.61 | 448,337.24 |
| | 184,478.63 | 109,885.63 |

(iv) Secondary Segment information: -

The Company does not have secondary segment division in respect of reportable segments.

34 Categories of Financial Instruments and its fair value measurement

| Financial assets | | (Rs. in '000) | |
|--------------------------------|--|----------------------|----------------------|
| Measured at amortised cost | | As at March 31, 2022 | As at March 31, 2021 |
| (i) Trade receivables | | | |
| (ii) Cash and Bank balance | | 853,576.45 | 879,151.31 |
| (iii) Loans | | 11,005.87 | 18,177.17 |
| (iv) other financial assets | | 42,930.53 | 32,492.09 |
| Measured at Cost | | | |
| (i) Investment in subsidiaries | | 9527.00 | 9,527.00 |
| Total | | 917039.85 | 939347.57 |

| Financial liabilities | | (Rs. in '000) | |
|----------------------------------|--|----------------------|----------------------|
| Measured at amortised cost | | As at March 31, 2022 | As at March 31, 2021 |
| (i) Borrowings | | | |
| (ii) Other financial liabilities | | 46,764.34 | 25,843.63 |
| (iii) Trade and other payables | | 2,013.19 | 5,384.50 |
| Total | | 762,445.71 | 760,036.08 |
| | | 811,223.24 | 791,264.21 |

The fair values of current debtors, bank balances, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

Fair value Measurement

| Particulars | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) |
|------------------------------|----------------------|----------------------|----------------------|--|
| | As at March 31, 2022 | As at March 31, 2021 | | |
| Financial assets | | | | |
| Investment in subsidiaries | 9527.00 | 9,527.00 | Level 2 | Fair Market Value |
| Loans | 42930.53 | 32,492.09 | Level 2 | Discounted estimated cash flow through the expected life of the borrowings |
| Financial Liabilities | | | | |
| Borrowings | 46764.34 | 25843.63 | Level 2 | Discounted estimated cash flow through the expected life of the borrowings |

35 Particulars

| | | (Rs. in '000) | |
|--|--|---------------------------------------|---------------------------------------|
| | | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
| Expenditure in foreign currency i.e loss | | | |
| Earning/ Income in foreign currency | | (1,717.90) | (10,432.60) |
| | | 17,482.30 | Nil |

36 Break-up of payments made to statutory auditors (including taxes) are disclosed as under:

| Particulars | | (Rs. in '000) | |
|---|--|---------------------------------------|---------------------------------------|
| | | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
| In respect of statutory audit (including tax audit) | | | |
| In respect of GST Audit | | 100.00 | 60.00 |
| In respect of certification | | Nil | 30.00 |
| TOTAL | | 151.50 | 105.50 |

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| Particulars | | (Rs. in '000) | |
|--|--|---------------------------------------|---------------------------------------|
| | | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
| Contingent Liability not provided for | | | |
| Search and Seizure conducted under CGST/SGST Act :- On 6th September 2019, a search has been conducted under provision of CGST/SGST Act, 2017 wherein the appropriate authorities had seized certain documents and freeze the bank accounts of the company. The bank accounts were subsequently unfreezed through stay order of High Court of Punjab and Haryana vide interim order dated 10 February 2020. The matter is pending for adjudication. | | Unascertainable | Unascertainable |
| Pending litigations by/ against the Company | | None | None |



A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

38 Necessary disclosures as per requirements of Accounting Standard (AS) - 15 on 'Employee Benefits' are made as follows: -
In respect of 'Gratuity Scheme': -

(i) Amount Recognised in the Balance Sheet: -

(Rs. in '000)

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Present Value of the obligation | 219.86 | 177.97 |
| Fair Value of Plan Assets | Nil | Nil |
| Funded Status [Surplus/ (Deficit)] | (219.86) | (177.97) |
| Unrecognised Past Service Cost | Nil | Nil |
| Asset/(liability) recognised in Balance Sheet | 219.86 | 177.97 |

(ii) Amount Recognised in Statement of Profit & Loss: -

| Particulars | For the year ended on 31st March 2022 | 00-01-00 31st March 2021 |
|---|--|-----------------------------|
| Current Service Cost | 102.45 | 109.00 |
| Interest Cost | 12.90 | 6.46 |
| Expected Return on Plan Asset | Nil | Nil |
| Past service cost | Nil | Nil |
| Expense to be recognized in profit and loss | 115.35 | 115.46 |

(iii) Other Comprehensive (Income)/ expenses (Reameasurement)

| Particulars | For the year ended on 31st March 2022 |
|--|--|
| Cumulative unrecognized actuarial (gain)/loss opening, B/F | Nil |
| Actuarial (gain)/loss- Obligation | Nil |
| Actuarial (gain)/loss- from changes in financial assumptions | (3.82) |
| Actuarial (gain)/loss - Plan assets | (69.64) |
| Total Actuarial (gain)/loss | Nil |
| Cumulative Total Actuarial (gain)/ loss, C/F | (73.46) |

(iv) Principal Actuarial Assumptions: -

| | |
|---------------------|----------------------------|
| Method of Valuation | Project Unit Credit Method |
| Discounting Rate | 7.00% Per Annum |
| Salary Growth Rate | 5.00% Per Annum |
| Mortality | IALM 2012-14 |
| Withdrawal Rate | 5.00% Per Annum |

39 Ratio Analysis and its components

| S.No. | Particulars | 31st March 2022 | 31st March 2021 | % change from March 31, 2021 to March 31, 2022 |
|-------|---------------------------------|-----------------|-----------------|--|
| 1 | Current ratio | 1.16 | 1.05 | 9.65% |
| 2 | Debt- Equity Ratio | 0.25 | 0.24 | 5.41% |
| 3 | Debt Service Coverage Ratio | 18.59 | 28.28051904 | -34.26% |
| 4 | Return on Equity Ratio | 0.07 | 0.11 | -32.89% |
| 5 | Inventory Turnover Ratio | 9.60 | 4.90 | 95.91% |
| 6 | Trade Receivable Turnover Ratio | 0.28 | 0.23 | 20.33% |
| 7 | Trade Payable Turnover Ratio | 0.31 | 0.25 | 26.15% |
| 8 | Net Capital Turnover Ratio | 1.67 | 3.79 | -55.94% |
| 9 | Net Profit Ratio | 0.04 | 0.04 | 4.52% |
| 10 | Return on Capital Employed | 0.01 | -0.01 | 349.39% |
| 11 | Return on Investment | - | - | 0.00% |

Reasons for variance of more than 25% in above ratios

- (i) Debt Service Coverage Ratio has decreased due to increase in principal repayment of loan
- (ii) Return on equity ratio has decreased due to increase in equity share capital
- (iii) Trade Receivable Turnover Ratio increased due to rise in turnover.
- (iv) Trade Payable Turnover ratio has increased due to increase in turnover.
- (v) Net Capital Turnover Ratio has decreased due to increase in working capital
- (vi) Return on Capital Employed ratio has increased due to increase in profit before exceptional item



For A F Enterprises Ltd.
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Director

For A F Enterprises Ltd.
Director

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

Components of Ratio*

(In 000's)

| S.No. | Ratios | Numerator | Denominator | March 31st 2022 | | March 31st 2021 | |
|-------|---------------------------------|--|--|-----------------|--------------|-----------------|--------------|
| | | | | Numerator | Denominator | Numerator | Denominator |
| 1 | Current ratio | Current Assets | Current Liabilities | 1,065,151.64 | 921,972.80 | 968,041.59 | 918,740.12 |
| 2 | Debt- Equity Ratio | Borrowings | Total Equity(Equity Share capital+Other equity) | 46,764.34 | 184,478.63 | 25,843.63 | 107,463.56 |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net profit before exceptional Items & tax expense + depreciation & amortization + Finance cost + Non cash operating items + other adjustment) | Finance cost + principle repayment of long term borrowings during the period/year | 30,828.48 | 1,658.26 | 29,446.44 | 1,041.23 |
| 4 | Return on Equity Ratio | Net profit after tax- Exceptional items | Average Total Equity [(Opening Equity Share capital + Opening Other equity + Closing Equity Share Capital + Closing Other Equity)/2] | 10,360.09 | 145,971.10 | 7,747.04 | 73,253.91 |
| 5 | Inventory Turnover Ratio | Revenue from sales of products | Average Inventory [(opening balance + closing balance)/2] | 239,185.90 | 24,904.31 | 186,936.90 | 38,131.31 |
| 6 | Trade Receivable Turnover Ratio | Revenue from operations | Average trade receivable [(Opening balance + closing balance)/2] | 239,185.90 | 866,363.88 | 186,936.90 | 814,777.05 |
| 7 | Trade Payable Turnover Ratio | Revenue from operations | Average trade payable [(Opening balance + closing balance)/2] | 239,185.90 | 761,240.90 | 186,936.90 | 750,553.09 |
| 8 | Net Capital Turnover Ratio | Revenue from operations | Working capital (Current asset-current liabilities) | 239,185.90 | 143,178.84 | 186,936.90 | 49,301.47 |
| 9 | Net Profit Ratio | Net profit after tax- Exceptional Items | Revenue from operations | 10,360.09 | 239,185.90 | 7,747.04 | 186,936.90 |
| 10 | Return on Capital Employed | Profit Before interest, Tax & Exceptional item | Total Equity + Total Debts (including preference share liability) | 17,119.66 | 1,156,681.39 | (6,287.85) | 1,059,484.21 |
| 11 | Return on Investment | Interest Income on fixed deposits + Profit on sale of investments + Income of investment - impairment on value of investment | Current investments + Non current Investments + Fixed deposits with bank | - | 9,527.00 | - | 9,527.00 |

40 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

- (i) Market risk
 - (a) Interest rate risk;
- (ii) Credit risk and ;
- (iii) Liquidity risk

Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk . The Company's primary risk management focus is to minimize potential adverse effects of risks on its financial performance. The Company's risk management assessment policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management of these policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee are responsible for overseeing these policies and processes.

(i) Market risk

Market risk is the risk of changes in the market prices on account of foreign exchange rates, interest rates and Commodity prices, which shall affect the Company's income or the value of its holdings of its financial instruments . The objective of market risk management is to manage and control market risk

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates to borrowings from banks and others.

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased /(decreased) equity and profit or loss by amounts shown below. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. This calculation also assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date.



For A F Enterprises Ltd.

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Arity

For A F Enterprises Ltd.

[Signature]

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

| Particulars | For the year ended 31st March 2022 | | For the year ended 31st March 2021 | |
|---|------------------------------------|--------------------|------------------------------------|-------------------|
| | 100 bp | 100 bp decrease | 100 bp increase | 100 bp decrease |
| On account of Variable Rate on Loans | 42,930.53 | (42,930.53) | 32,492.09 | (32,492.09) |
| On account of Variable Rate on borrowings | 46,764.34 | (46,764.34) | 25,843.63 | (25,843.63) |
| Net impact on profitability | 89,694.87 | (89,694.87) | 58,335.72 | -58,335.72 |

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customer. The Company establishes an allowance for doubtful debts, impairment and expected credit loss that represents its estimate an allowance for doubtful debts, impairment and expected credit loss that represents its estimate on expected credit loss.

A. Trade receivables

The Company's exposure to credit risks influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry has an influence on credit risk assessment. Credit risk managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. However, the company does not expect any losses from non-performance by these counter-parties apart from those already given in financials, and does not have any significant concentration of exposures.

B. Cash and cash equivalents

The Company holds cash and cash equivalents with creditworthy banks of ₹22.51 thousands. The credit worthiness of such banks is evaluated by the management on an on-going basis and is considered to be good.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has been taking measures to ensure that the Company's cash flow from business borrowing is sufficient to meet the cash requirements for the Company's operations. The Company managing its liquidity needs by monitoring forecasted cash inflows and outflows in day to day business. Liquidity needs are monitored on various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projections. Net cash requirements are compared to available working capital facilities in order to determine head room or any shortfalls. Presently company's objective is to maintain sufficient cash to meet its operational liquidity requirements.

The below table summaries the maturity profile of the Company's financial liability

| Particulars | Carrying amount | Contractual cash outflow | | | | |
|-----------------------------|-----------------|--------------------------|----------------|----------|-----------|-----------|
| | | Total | 1 year or less | 1-2 year | 2-5 years | > 5 years |
| As at March 31, 2022 | | | | | | |
| Other financial liabilities | 2,013.19 | 2,013.19 | 1,616.17 | 397.02 | 0.00 | 0.00 |
| Other current liabilities | 153,759.21 | 153,759.21 | 153,759.21 | 0.00 | 0.00 | 0.00 |

| Particulars | Carrying amount | Contractual cash outflow | | | | |
|-----------------------------|-----------------|--------------------------|----------------|----------|-----------|-----------|
| | | Total | 1 year or less | 1-2 year | 2-5 years | > 5 years |
| As at March 31, 2021 | | | | | | |
| Other financial liabilities | 5,384.50 | 5,384.50 | 447.56 | 4,936.94 | 0.00 | 0.00 |
| Other current liabilities | 155,184.67 | 155,184.67 | 155,184.67 | 0.00 | 0.00 | 0.00 |

41 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

42 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

43 The financial statements were approved for issue by the Board of Directors on 27th day of May 2022

44 Previous year's figures have been re-arranged or re-grouped wherever consider necessary.

45 Figures have been rounded off to the nearest thousands of rupees.

46 Figures in brackets indicate negative (-) figures.

Signed for the purpose of identification

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWVF2399



For A F Enterprises Ltd.

Abhishek Singh
Director & CEO
DIN: 03603706

For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228
Director

For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K
COMPANY SECRETARY

New Delhi, the 27th day of May 2022



Independent Auditor's Report

To
The members of
AF ENTERPRISES LIMITED

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **A F ENTERPRISES LIMITED** ("hereinafter referred to as the "Company") and its subsidiary ("company and its subsidiary together referred to as group), which comprise the consolidated balance sheet as at 31st March 2022, the consolidated statement of profit and loss, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the group as at 31st March, 2022, and the consolidated **net profit** (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed 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 hereunder to be key audit matters to be communicated in our report.



| Key audit matters | Auditor's response |
|--|--|
| <p>Revenue from operations</p> <p>According to Ind AS 115, revenue to be recognized on satisfaction of performance obligation and transfer of control pertaining to goods.</p> <p>Determination of transaction price for measurement of revenue according to Ind AS 115.</p> | <p>Our audit procedure included the following-</p> <ul style="list-style-type: none"> • We assessed the company's process to consider the time of transfer of control of goods. • We performed year end cut off procedures to determine whether revenues are recorded in the correct period. • We used assessment of overall control environment relevant for measurement of revenue. • We performed testing of journals, with particular focus on manual adjustment to revenue account, to mitigate the risk of manipulation of revenue and profit figures. |

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Company and its Subsidiary in accordance with the accounting principles generally accepted in



India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the Company and its Subsidiary are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its Subsidiaries respectively, and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the company and its Subsidiary are responsible for assessing the ability of the Company and of its Subsidiary 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 its Subsidiary or to cease operations, or has no realistic alternative but to do so.

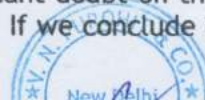
The Board of Directors of the company and its Subsidiary are responsible for overseeing the financial reporting process of the Company and its Subsidiary respectively.

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 the SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (i) 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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- (ii) Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (iv) 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 Company and its Subsidiary 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 Company or its Subsidiary to cease to continue as a going concern.

- (v) 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.

Materiality is the magnitude of misstatements in the consolidated financial statement, individually or in aggregate, makes it probable that the economic decision of reasonable knowledgeable user of the consolidated financial statement may be influenced.

We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work; and, (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

We also provide those charged with governance with a statement that we have complied with 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, relevant safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, 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 have not audited the financial statements of subsidiary company i.e. M/s. Aunik I.T. Solutions Private Limited included in the consolidated financial statements of the group whose financial statements reflect total assets of Rs. 2736.67 lakhs as at 31st March 2022, total revenue of from operations Rs. 2467.68 lakhs and net cash inflow of Rs. 5.49 lakhs during the year ended as on that date, as considered in the consolidated financial statements. The financial statements of the aforesaid subsidiary have been audited by the other auditor whose report has been furnished to us, and our opinion as so far it relates to the amount and disclosure included in respect of such subsidiary, is based solely on the report of such auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "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) 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 so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, consolidated statement of changes in equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Indian accounting standards specified under Section 133 of the Act;
- e. On the basis of the written representations received from the directors of the Company and its Subsidiary as on 31st March, 2022 taken on record by the Board of Directors of the Company and on the basis of report issued by the auditors of subsidiary, none of the directors of the Company and its Subsidiary is disqualified as on 31st March, 2022 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**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. 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 on the basis of report issued by the statutory auditors of the subsidiary and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements have disclosed the impact, if any of pending litigations on the consolidated financial position of the group in its consolidated financial statements (Refer to note no. 35 of the consolidated financial statements).
 - ii. The group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by group.
 - iv. a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether,



directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on such audit procedures that has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

v. No dividend has been declared or paid by the company during the period covered by this report in pursuant to Section 123 of the Companies Act 2013

h. In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its director during the current financial year is in accordance with the provision 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, read with Schedule V of the Act.

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O.P. Pareek

O.P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



New Delhi, the 27th May ,2022

Annexure A To the Independent Auditor's report on Consolidated Financial Statements

(Referred to in our report of even date)

In our opinion and According to the information and explanations given to us, there has not been any qualification and adverse remarks by the respective auditor in the Companies Auditor Report Order (CARO) reports of the companies included in the consolidated financial Statements.

**FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E**

O.P. Pareek

**O.P. Pareek
Partner
Membership No. 014238**



UDIN: 22014238AJTWWX3644

New Delhi, the 27th May ,2022

ANNEXURE-B TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

In conjunction with our audit of the consolidated financial statement of the Company as of and for the year ended on 31st March 2022, we have audited the internal financial controls over financial reporting of A F Enterprises (hereinafter referred to as "the Company") and its subsidiary ("company and its subsidiary together referred to as group), as of and for the year ended on that date.

Opinion

In our opinion, to the best of information and according to explanation given to us and taking into consideration the reports of the other auditors referred to in the Other Matters paragraph below, the group have maintained in all material aspects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on "the internal financial controls over financial reporting criteria 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".

Management's Responsibility for the Internal Financial Controls

The respective Board of Directors of the Company and its Subsidiary 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 controls stated in the Guidance Note on Audit of Internal Financial Control 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 fraud and errors, the accuracy and completeness of accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's 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 ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether



adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control 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 risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidences 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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and the receipt and expenditures of the Company are being only in accordance with authorizations of management and directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to the subsidiary company, which is incorporated in India, is based on the written representations received from the management of the said subsidiary Company.

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

oppareek

O.P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



New Delhi, the 27th May ,2022

A F ENTERPRISES LIMITED
CIN : L18100DL1983PLC016354

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2022

| | Notes | (Rs. in '000') | |
|--|-------|--------------------------|--------------------------|
| | | As at 31st March 2022 | As at 31st March 2021 |
| ASSETS | | | |
| Non- current assets | | | |
| Property, plant and equipment | 3 | 40,348.55 | 55,145.35 |
| Goodwill | | 16,566.98 | 16,566.98 |
| Financial assets | | | |
| Loans | 4 | 40,711.59 | 27,039.39 |
| Other non current assets | 5 | 1,465.96 | 456.44 |
| Current Assets | | | |
| Inventories | 6 | 39,819.31 | 10,039.41 |
| Financial assets | | | |
| Trade receivables | 7 | 1,125,642.04 | 1,070,756.25 |
| Cash and cash equivalents | 8 | 11,714.93 | 18,337.17 |
| Loans | 9 | 2,236.95 | 5,497.94 |
| Other financial assets | | - | - |
| Current tax assets (net) | | - | - |
| Other current assets | 10 | 158,927.99 | 55,242.65 |
| Total | | 1,437,434.30 | 1,259,081.56 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 11 | 129,136.36 | 95,136.36 |
| Other equity | 12 | 56,122.98 | 12,327.20 |
| Liabilities | | | |
| Non- current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | 13 | 65,075.82 | 34,325.62 |
| Other financial liabilities | 14 | 397.02 | 4,936.94 |
| Provisions | 15 | 729.13 | 878.76 |
| Deferred tax Liabilities (net) | 16 | 2,648.12 | 2,079.82 |
| Other non-current liabilities | | - | - |
| Non Controlling Interest | | (323.71) | (349.50) |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade payables | | | |
| Outstanding dues to micro enterprises and small enterprises | 17 | 0 | 561.45 |
| Outstanding dues of creditors other than micro enterprises and small enterprises | | 1,023,471.31 | 947,028.27 |
| Other financial liabilities | 18 | 1,616.17 | 447.56 |
| Other current liabilities | 19 | 154,222.45 | 157,908.23 |
| Provisions | 20 | 1.34 | 1.54 |
| Current tax liabilities (net) | | 4,337.31 | 3,799.32 |
| Total | | 1,437,434.30 | 1,259,081.56 |

Notes to the financial statements 1-44

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

FOR V. N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



For A F Enterprises Ltd.

Abhishek Singh
Director & CFO
DIN: 03603706
Director

For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

Santosh Kumar Kushwaha
Director
DIN: 02994228

For AF ENTERPRISES LIMITED
Director

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K
COMPANY SECRETARY

New Delhi, the 27th May 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2022

| | Notes | For the year ended on 31st March 2022 | (Rs. in '000') For the year ended on 31st March 2021 |
|---|-------|--|--|
| REVENUE | | | |
| Revenue from operations | 21 | 485,753.85 | 377,010.25 |
| Other income | 22 | 24,302.28 | 1,077.17 |
| Total revenue (I) | | 510,056.13 | 378,087.42 |
| EXPENSES | | | |
| Cost of materials consumed | 23 | 95,791.55 | 18,352.42 |
| Purchase of stock in trade | 24 | 324,388.79 | 242,291.73 |
| Changes in inventories of stock in trade | 25 | 471.35 | 60,766.81 |
| Operating costs | 26 | 7,911.42 | 6,431.16 |
| Employee benefits expense | 27 | 21,557.87 | 8,634.81 |
| Finance cost | 28 | 1,593.95 | 802.19 |
| Depreciation expenses | 3 | 13,873.91 | 16,518.40 |
| Other expenses | 29 | 27,939.90 | 27,654.15 |
| Total expenses (II) | | 493,528.74 | 381,451.67 |
| Profit/ (loss) before exceptional items and tax (I-II) | | 16,527.39 | (3,364.25) |
| Exceptional items | 30 | - | 19,500.36 |
| Profit/ (loss) before tax | | 16,527.39 | 16,136.11 |
| Tax expense | | | |
| Current tax | | (4,810.99) | (4,012.14) |
| MAT tax | | (41.41) | - |
| Deferred tax | 16.2 | (508.39) | (1,600.73) |
| Profit/ (loss) after tax (III) | | 11,166.60 | 10,523.25 |
| OTHER COMPREHENSIVE INCOME | | | |
| A. (i) Items that will not be reclassified to profit or loss | | 73.46 | 29.74 |
| (ii) Income tax relating to items that will not be reclassified | | (18.49) | (7.49) |
| B. (i) Items that will be reclassified to profit or loss | | - | - |
| (ii) Income tax relating to items that will be reclassified to | | - | - |
| Total Other Comprehensive Income (IV) | | 54.97 | 22.25 |
| Total Comprehensive Income (III+IV) | | 11,221.57 | 10,545.50 |
| Net Profit attributable to: | | | |
| a) Owners of the parent | | 11,140.81 | 10,523.25 |
| b) Non controlling interest | | 25.79 | - |
| Other Comprehensive Income attributable to: | | | |
| a) Owners of the parent | | 54.97 | 22.25 |
| b) Non controlling interest | | - | - |
| Total Comprehensive Income attributable to: | | | |
| a) Owners of the parent | | 11,195.78 | 10,545.50 |
| b) Non controlling interest | | 25.79 | - |
| Earning per equity share (EPS) | | | |
| [nominal value of share Rs. 10] | | | |
| Basic (in Rs.) | | 1.04 | 2.16 |
| Diluted (in Rs.) | | 0.93 | 2.16 |
| Weighted Average No. of Equity Shares | | 10,771,171 | 4,861,034 |
| Weighted Average No. of Dilutive Equity Shares | | 11,971,171 | 4,861,034 |

Notes to the financial statements

1-44

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

FOR V.N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

For A F Enterprises Ltd.

Abhishek Singh
Director & CFO
DIN: 03603706

For A F Enterprises Ltd.

Santosh Kumar Kushwaha
Director
DIN: 02994228

Director
For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K

COMPANY SECRETARY

New Delhi, the 27th May 2022

A F ENTERPRISES LIMITED
CIN : L18100DL1983PLC016354

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2022

| | (Rs. in '000') | |
|---|--|--|
| | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/ (loss) before tax and after extra- ordinary items | 16,527.39 | 16,235.77 |
| Adjustments for items: - | | |
| Derecognition of financial liability | (4,951.46) | - |
| Loss/Profit on sale of property, plant & equipment | (437.99) | (82.28) |
| Interest paid | 1,444.06 | 802.19 |
| Interest paid on advance tax | - | 44.63 |
| Interest received | - | - |
| Depreciation on Property, plant & equipment | 13,873.91 | 16,518.40 |
| Provision for gratuity | (75.92) | 352.61 |
| Operating Profit before working capital changes | 26,379.99 | 33,871.31 |
| Working capital adjustments: - | | |
| (Increase)/ decrease in trade receivables | (54,885.78) | (319,091.31) |
| (Increase)/ decrease in Inventories | (29,779.90) | 56,183.79 |
| (Increase)/ decrease in Other financial assets | - | - |
| (Increase)/ decrease in Other assets | (1,255.60) | (2,761.37) |
| Increase/ (decrease) in Current Assets | (103,571.61) | (153.40) |
| Increase/ (decrease) in Trade payables | 80,168.42 | 205,738.63 |
| Increase/ (decrease) in other current Liabilities | 235.54 | - |
| (Increase)/ decrease in Other financial Liabilities | (3,683.47) | (2,303.09) |
| Increase/ (decrease) in Other Liabilities | (1,206.61) | (2,206.76) |
| Cash generated from operations | (87,599.02) | (30,722.20) |
| Direct taxes paid | (4,232.93) | (256.87) |
| Net cash flow from operating activities (A) | (91,831.95) | (30,979.06) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ (Purchase) of Property, plant & equipment | 1,360.88 | 438.63 |
| Acquisition of subsidiary | - | (9,527.00) |
| Loans (given)/recovered | (10,411.21) | (5,000.00) |
| Interest received | - | - |
| Net cash flow from investing activities (B) | (9,050.33) | (14,088.37) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Issue of equity Share Capital | 61,200.00 | 60,650.00 |
| Proceeds From Issue of Share Warrants | 5,400.00 | - |
| Interest paid | (1,352.31) | (802.19) |
| Net proceeds from borrowings | 29,012.35 | 2,250.79 |
| Net cash flow from financing activities (C) | 94,260.04 | 62,098.60 |
| Net cash flow during the year (A + B + C) | (6,622.24) | 17,031.18 |
| Add: Opening cash and cash equivalents | 18,337.17 | 1,305.99 |
| Closing cash and cash equivalents | 11,714.92 | 18,337.17 |
| Components of cash and cash equivalents | | |
| Cash on hand | 4,044.79 | 1,454.15 |
| Balances with banks in current accounts | 7,670.13 | 16,883.02 |
| Total cash and cash equivalents (Note 9) | 11,714.92 | 18,337.17 |

The accompanying notes are an integral part of the financial statements.

As per our report of even date
FOR V.N. PUROHIT & CO.,
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

Abhishek Singh

Director
Abhishek Singh
Director & CFO
DIN: 03603706

For A F Enterprises Ltd.

Santosh Kumar Kushwaha
Santosh Kumar Kushwaha
Director
DIN: 02994228

For AF ENTERPRISES LIMITED

Payal Sachdeva
Payal Sachdeva
Company Secretary
PAN: BMFPA2964K

COMPANY SECRETARY

New Delhi, the 27th May 2022

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED ON 31ST MARCH 2022

A. Equity Share Capital

| Current reporting period | | (Rs. in '000) | |
|------------------------------|---|---------------|-------------------------------|
| Balance as at 1st April 2020 | Changes in equity share capital during the year | | Balance as at 31st March 2021 |
| 40,000.00 | 55,136.36 | | 95,136.36 |
| Previous reporting period | | | |
| Balance as at 1st April 2021 | Changes in equity share capital during the year | | Balance as at 31st March 2022 |
| 95,136.36 | 34,000.00 | | 129,136.36 |

B. Other Equity

| Particulars | Reserve & Surplus | | Other Comprehensive Income Remeasurement of Defined Benefit Obligation | Money received against share warrants | Attributable to the parent | Attributable to Non-Controlling Interest | Total |
|---|-------------------|--------------------|---|---------------------------------------|----------------------------|--|-------------|
| | Retained Earnings | Securities Premium | | | | | |
| Balance as at 1st April 2021 | 6,890.85 | 5,513.64 | 22.25 | - | 12,426.74 | (349.50) | 12,077.24 |
| Changes in accounting policy or prior period errors | (99.54) | - | - | - | (99.54) | - | (99.54) |
| Restated balances as at 1st April 2021 | 6,791.31 | 5,513.64 | 22.25 | - | 12,327.20 | (349.50) | 11,977.70 |
| On Issue of equity share capital | - | 27,200.00 | - | - | 27,200.00 | - | 27,200.00 |
| Received during the year | - | - | - | 33,400.00 | 33,400.00 | - | 33,400.00 |
| Conversion of warrants into Shares | - | - | - | (28,000.00) | (28,000.00) | - | (28,000.00) |
| Profit for the year | 11,140.81 | - | - | - | 11,140.81 | 25.79 | 11,166.60 |
| Other Comprehensive Income (net of tax) | - | - | 54.97 | - | 54.97 | - | 54.97 |
| Total Comprehensive Income | 11,140.81 | - | 54.97 | - | 11,195.78 | 25.79 | 11,221.57 |
| Balances as at 31st March 2022 | 17,932.12 | 32,713.64 | 77.22 | 5,400.00 | 56,122.98 | (323.71) | 55,799.27 |

| Particulars | Reserve & Surplus | | Other Comprehensive Income Remeasurement of Defined Benefit Obligation | Money received against share warrants | Attributable to the parent | Attributable to Non-Controlling Interest | Total |
|---|-------------------|--------------------|---|---------------------------------------|----------------------------|--|------------|
| | Retained Earnings | Securities Premium | | | | | |
| Balance as at 1st April 2020 | (955.72) | - | - | - | (955.72) | - | (955.72) |
| Changes in accounting policy or prior period errors | - | - | - | - | - | - | - |
| Restated balances as at 1st April 2020 | (955.72) | - | - | - | (955.72) | - | (955.72) |
| On Issue of equity share capital | - | 5,513.64 | - | - | 5,513.64 | - | 5,513.64 |
| On acquisition of subsidiary | - | - | - | - | - | (349.50) | (349.50) |
| Profit for the year | 10,523.25 | - | - | - | 10,523.25 | - | 10,523.25 |
| Other Comprehensive Income (net of tax) | - | - | 22.25 | - | 22.25 | - | 22.25 |
| Total Comprehensive Income | 10,523.25 | - | 22.25 | - | 10,545.50 | - | 10,545.50 |
| Less: on account of pre-acquisition profits of the subsidiary | (2,776.22) | - | - | - | (2,776.22) | - | (2,776.22) |
| Balances as at 31st March 2021 | 6,791.31 | 5,513.64 | 22.25 | - | 12,327.20 | (349.50) | 11,977.70 |

FOR V. N. PUROHIT & CO.
Chartered Accountants
Firm Regn. No. 304040E

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238AJTWWX3644



For A F Enterprises Ltd.

For and on behalf of the Board of Directors of
A F ENTERPRISES LIMITED

For A F Enterprises Ltd.

Abhishek Singh
Director
DIN: 03603706

Saptoosh Kumar Kushwaha
Director
DIN: 02994228

For AF ENTERPRISES LIMITED

Payal Sachdeva
Company Secretary
PAN: BMFPA2964K
COMPANY SECRETARY

New Delhi, the 27th May 2022

A F ENTERPRISES LIMITED

CIN : L18100DL1983PLC016354

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2022

1 Corporate Information:

A F ENTERPRISES LIMITED (CIN L18100DL1983PLC016354) was incorporated on August 18th, 1983 under the Companies Act, 1956 with the Registrar of Companies AF Enterprises Limited (the Company) is engaged in the business of manufacture and trading of plastic and related products apart from trading in other goods such as fabric, emerald, glasses, etc. The Company is listed on Bombay Stock Exchange (BSE) [Script code: AFEL].

2 Significant Accounting Policies:

(a) Statement of Compliance with Ind AS:

The Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015. The Company has uniformly applied the accounting policies during the periods presented.

The financial statements are presented in Indian Rupees (Rs.) which is also the functional currency of the company.

(b) Basis for preparation of financial statements:

The consolidated financial statements have been prepared in historical cost basis except for certain financial instruments which are measured at fair value or amortised cost at the end which is generally based on the fair value of consideration given in exchange for goods and services. All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

(c) Principles of Consolidation:

The consolidated financial statements comprise of the holding company A F Enterprises Limited and all its subsidiaries and associates in accordance with the requirements of Ind AS 110- Consolidated Financial Statements and Ind AS 28 - Investment in Associates and Joint Ventures (to the extent applicable). The consolidated financial statements have been prepared on the following bases: -

- (i) The financial statements of the holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.
- (ii) Profits or losses resulting from intra-group transactions that are recognized in assets, such as Inventory and Property, Plant and Equipment, are eliminated in full.
- (iii) Goodwill represents the difference between the Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries.
- (iv) The financial statements of the associate/ subsidiary companies used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended March 31, 2021.
- (v) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- (vi) The carrying amount of the parent's investment in each subsidiary is offset (eliminated) against the parent's portion of equity in each subsidiary.
- (vii) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as on the date of disposal is recognized in the Consolidated statement of profit & loss being the profit or loss on disposal of investment in subsidiary.
- (viii) Investment in Associates and Joint Ventures has been accounted under the Equity Method as per Ind AS 28 - Investments in Associates and Joint Ventures.
- (ix) The Group accounts for its share of post-acquisition changes in net assets of associates and joint ventures, after eliminating unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures.
- (x) Non-Controlling Interest's share of profit / loss of consolidated subsidiaries for the year is identified and adjusted against the income of the Group in order to arrive at the net income attributable to shareholders of the Company.
- (xi) Non-Controlling Interest's share of net assets of consolidated subsidiaries is identified and presented in the Consolidated Balance Sheet.

Changes in a parent's ownership interest after control is obtained that do not result in a change in control of the subsidiary are accounted for as equity transactions. The carrying amount of the non-controlling interest is adjusted to reflect the change in the non-controlling interest's ownership interest in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized in equity and attributed to the parent's equity holders.

(d) Use of Estimates:

The preparation of consolidated financial statements requires the management of the company to make estimates and assumptions that affect the reported amounts of assets and liabilities on the date of financial statements, disclosure of contingent liabilities as at the date of the financial statements, and the reported amounts of income and expenses during the reported period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised.

(e) Significant Management judgement in applying accounting estimates:

(i) Income taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

(ii) Impairment of investments:

The carrying value of investments is reviewed at cost annually, or more frequently whenever, there is indication for impairment. If the recoverable amount is less than the carrying amount, the impairment loss is accounted for.

(iii) Provision:

Provisions are recognized when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date adjusted to reflect the current best estimates.

(iv) Recognition of Deferred Tax Assets:

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the future taxable income against which the deferred tax assets can be utilized.

(f) Property, Plant and Equipment:

Properties, Plant & Equipment are stated at actual cost less accumulated depreciation and net of impairment, if any. The actual cost capitalized includes material cost, freight, installation cost, duties and taxes, eligible borrowing costs and other incidental expenses incurred during the construction/installation stage.

The Company has chosen the cost model for recognition and this model is applied to all class of assets. After recognition as an asset, an item of PPE is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Depreciable amount of an asset is the cost of an asset less its estimated residual value.

Depreciation on Property, Plant and Equipment, including assets taken on lease, other than freehold land is charged based on written down method on an estimated useful life as prescribed in Schedule II to the Companies Act, 2013.

| Particulars of Property, Plant & Equipment | Useful life (in years) |
|--|------------------------|
| Plant & Machinery (Tools & Dies) | 15 |
| Furniture & fixtures | 10 |
| Vehicles | 8 |
| Office Equipment | 5 |
| Computer | 3 |

An item of Property, Plant and Equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment are determined as a difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

At the end of each reporting period, the Company reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

(g) Revenue recognition:

Revenue is recognized when the control over the goods or services promised in the contract are transferred to the customer. The amount of revenue recognized depicts the transfer of promised goods and services to customers for an amount that reflects the consideration to which the Company is entitled to in exchange for the goods or services.

(i) Sale of goods:

Revenue from sale of goods is recognised when control over such goods have been transferred, being when the goods are delivered to the customers. Delivery occurs when the products have been shipped or delivered to the specific location as the case may be, risks of loss have been transferred to the customers, and either the customer has accepted the goods in accordance with the sales contract or the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied. Revenue from these sales is recognized based on the price specified in the contract.

(ii) Dividend and Interest Income:

Dividend income from investments is recognised when the shareholders' right to receive such amount has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably). Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(iii) Other Income:

In respect of other heads of income in the Company's accounts the income shall be recognised on accrual basis.

(h) Foreign currency transactions:

Foreign currency transactions are recorded in the functional currency, by applying the exchange rate between the functional and the foreign currency prevailing on date of transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the date of Balance Sheet. Exchange differences arising on monetary items on settlement or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the Statement of Profit and Loss in the year in which they arise.

(i) Financial Instruments:

(i) Financial Assets: -

Recognition and initial measurement: -

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction cost.

Subsequent measurement: -

Equity instrument and Mutual Fund: - All equity instrument and mutual funds within scope of IndAS 109 are measured at fair value. Equity instrument and Mutual fund which are held for trading are classified as at fair value through profit & loss (FVTPL). For all other equity instruments, the Company decided to classify them as at fair value through other comprehensive income (FVTOCI).

Debt instrument: - A 'debt instrument' is measured at the amortised cost if both the following conditions are met. The assets are held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the assets given rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial measurement, such Financial Assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

De-recognition of Financial Assets:-

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its right to receive cash flow from the asset.

(ii) Financial Liabilities: -

Recognition and initial measurement: -

All financial liabilities are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. Financial liabilities are classified as amortised cost.

Subsequent measurement:-

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

De-recognition of Financial liabilities: -

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Consequently, write back of unsettled credit balances is done on closure of the concerned project or earlier based on the previous experience of management and actual facts of each case and recognized in other operating revenues.

Further, when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting of financial instrument: -

Financial Assets and Financial Liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on net basis, to realize the assets and settle the liabilities simultaneously.

(j) Impairment of Financial Assets

(i) Equity Instruments, Debt Instruments and Mutual Fund: -

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss for financial assets. Expected Credit Loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive.

(ii) Other Financial Assets: -

The Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

(k) Inventories

Inventories (other than quoted shares and securities) are valued at cost or net realisable value, whichever is lower. Cost is determined on FIFO and includes cost of purchase and other costs incurred in bringing inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Cash & Cash equivalents

Cash and cash equivalents in the Balance Sheet comprise of cash at bank and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(m) Taxation

Tax expense recognised in Statement of Profit and Loss comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the tax authorities, based on estimated tax liability computed after taking credit for allowances and exemption in accordance with Income Tax Act, 1961. Current and deferred tax are recognised in Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are recognised in other comprehensive income or directly in equity, respectively. Advance taxes and provisions for current income taxes are presented in the statement of financial position after off-setting advance tax paid and income tax provision.

Minimum Alternate Tax (MAT) credit entitlement is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT credit entitlement. This is reviewed at each balance sheet date and the carrying amount of MAT credit entitlement is written down to the extent it is reasonably certain that normal income tax will be paid during the specified period.

Deferred tax is recognised on temporary differences arising between the carrying amount of assets and liabilities and the corresponding tax bases used in computation of taxable profit under Income Tax Act, 1961.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted. Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

(n) Earnings per share:

Basic earnings/ (loss) per share are calculated by dividing the net profit/ (loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for any bonus shares issued during the period and also after the Balance Sheet date but before the date the consolidated financial statements are approved by the Board of Directors.

For the purpose of calculating diluted earnings/ (loss) per share, the net profit/ (loss) for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all potentially dilutive equity shares.

The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares as appropriate. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date.

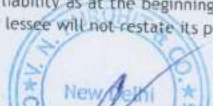
(o) Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Contingent Assets and Contingent Liabilities are not recognized in the consolidated financial statements.

(p) Leases:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees.

The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases using the modified retrospective approach whereby a lessee applies the new standard from the beginning of the current period. The lessee calculates the lease asset and lease liability as at the beginning of the current period and recognized an adjustment in equity at the beginning of the current period. Accordingly, a lessee will not restate its prior period financial information under this approach.



The Company has elected not to apply the requirements of Ind AS 116 Leases to short term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease liability is subsequently re-measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

On application of Ind AS 116, the nature of expenses has changed to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability in place of lease rentals payments.

(q) Employee Benefits

(i) Short-term Employee Benefits: -

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

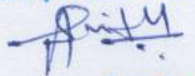
(ii) Post-Employment Benefits: -

Defined Contribution Plans: The Company has defined contribution plans in respect of PF & ESI which are accounted for as and when contribution payments are made.

Defined Benefit Plans: The Company has a gratuity scheme payable to employees as per the provisions of the Payment of Gratuity Act, 1972. The actuarial valuation of the liability against such sum is made at the year end.



For A F Enterprises Ltd.


Director

For A F Enterprises Ltd.


Director

3 Property, plant and equipment

Carrying amount:

| | As at 31st March 2022 | As at 31st March 2021 |
|-------------------------------|--------------------------|--------------------------|
| Building Premises (ROU Asset) | 322.79 | 4,196.18 |
| Plant & Machinery | 36,449.61 | 44,504.91 |
| Furniture & fixtures | 2,137.22 | 2,839.92 |
| Vehicles | 637.09 | 3,036.89 |
| Office Equipment | 375.13 | 348.10 |
| Computers & peripherals | 426.71 | 219.36 |
| Total | 40,348.55 | 55,145.35 |

Cost or Deemed Cost :

| | Building Premises ROU Asset | Computers & peripherals | Motor Car | Furniture & fixtures | Office Equipment | Plant & Machinery | Total |
|--------------------------------|--------------------------------|----------------------------|-----------|-------------------------|------------------|----------------------|-----------|
| Balance as at 1st April 2020 | 13,477.10 | 457.12 | 7,640.55 | 4,684.51 | 130.39 | 63,569.07 | 89,958.74 |
| Additions during the year | - | 20.88 | - | - | - | 468.67 | 489.55 |
| On acquisition of subsidiary | - | 1,005.89 | - | 15.00 | 472.22 | - | 1,493.11 |
| Sale/ disposal during the year | 1,682.23 | - | - | - | - | - | 1,682.23 |
| Balance as at 31st March 2021 | 11,794.87 | 1,483.89 | 7,640.55 | 4,699.51 | 602.61 | 64,037.74 | 90,259.17 |
| Additions during the year | - | 429.75 | - | 36.30 | 219.18 | 3.90 | 689.13 |
| On acquisition of subsidiary | - | - | - | - | - | - | - |
| Sale/ disposal during the year | - | - | 4,000.00 | - | - | - | 4,000.00 |
| Balance as at 31st March 2022 | 11,794.87 | 1,913.64 | 3,640.55 | 4,735.81 | 821.79 | 64,041.64 | 86,948.30 |

Accumulated Depreciation :

| | Building Premises ROU Asset | Computers & peripherals | Motor Car | Furniture & fixtures | Office Equipment | Plant & Machinery | Total |
|-------------------------------|--------------------------------|----------------------------|-----------|-------------------------|------------------|----------------------|-----------|
| Balance as at 1st April 2020 | 4,239.38 | 239.05 | 3,224.34 | 860.69 | 79.51 | 9,705.79 | 18,348.76 |
| Charge for the year | 3,873.39 | 141.39 | 1,379.32 | 989.86 | 22.93 | 9,827.04 | 16,233.93 |
| On acquisition of subsidiary | - | 884.09 | - | 9.04 | 152.08 | - | 1,045.21 |
| Adjustment for Sale/ disposal | 514.08 | - | - | - | - | - | 514.08 |
| Balance as at 31st March 2021 | 7,598.69 | 1,264.53 | 4,603.66 | 1,859.59 | 254.52 | 19,532.83 | 35,113.82 |
| Charge for the year | 3,873.39 | 222.40 | 787.78 | 739.00 | 192.14 | 8,059.20 | 13,873.91 |
| On acquisition of subsidiary | - | - | - | - | - | - | - |
| Adjustment for Sale/ disposal | - | - | 2,387.98 | - | - | - | 2,387.98 |
| Balance as at 31st March 2022 | 11,472.08 | 1,486.93 | 3,003.46 | 2,598.59 | 446.66 | 27,592.03 | 46,599.75 |

Carrying amount :

| | | | | | | | |
|-------------------------------|----------|--------|----------|----------|--------|-----------|-----------|
| Balance as at 31st March 2021 | 4,196.18 | 219.36 | 3,036.89 | 2,839.92 | 348.09 | 44,504.91 | 55,145.35 |
| Balance as at 31st March 2022 | 322.79 | 426.71 | 637.09 | 2,137.22 | 375.13 | 36,449.61 | 40,348.55 |

3.1 All the above property, plant & equipment are owned by the company.

3.2 The company has not made any of change (10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) in the value of Property, Plant & Equipments due to revaluation.

4 Loans : non-current

| | As at 31st March 2022 | As at 31st March 2021 |
|-----------------------------|--------------------------|--------------------------|
| Considered good - unsecured | | |
| Loans (at amortised cost) | | |
| - Others | 26,115.11 | 21,202.42 |
| - Related Parties | 14,698.51 | 5,836.97 |
| Less: Expected Credit loss | 102.03 | - |
| | 40,711.59 | 27,039.39 |

4.1 Additional disclosure in respect of non current loans and advances:-

| Particular | As at 31st March 2022 | | As at 31st March 2021 | |
|---|----------------------------|---|----------------------------|---|
| | Amount of loan outstanding | Percentage of the total loan and advances | Amount of loan outstanding | Percentage of the total loan and advances |
| Loans and advances granted to promoters, directors, KMPs and other related parties that are (a) repayable on demand; or (b) without specifying any terms or period of repayment | Nil | Nil | Nil | Nil |

5 Other non current assets

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Security deposit | 1,439.40 | 178.80 |
| Income tax refund due | - | 158.93 |
| Advance tax and TDS (Net of provision) | 26.56 | 118.71 |
| Other assets | 1,465.96 | 456.44 |

6 Inventories

| | As at 31st March 2022 | (in Rs '000') As at 31st March 2021 |
|---|--------------------------|---|
| Stock in trade | | |
| - Quoted Equity Instruments (at Fair Value Through Profit & Loss FVTPL) | 1,677.29 | 1,792.42 |
| - Sunglasses | | 107.25 |
| - Others | 50.10 | 299.07 |
| Finished goods | | |
| - Plastic moulded components | 38,091.92 | 7,840.67 |
| | <u>39,819.31</u> | <u>10,039.41</u> |

7 Trade receivables: current

Considered good - unsecured

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| | 1,125,642.04 | 1,070,756.25 |
| | <u>1,125,642.04</u> | <u>1,070,756.25</u> |

7.1 Trade receivables ageing schedule

| Particulars | Outstanding from due date of payment as on 31st March 2022 | | | | | |
|---|--|-------------------|-----------|------------|-------------------|--------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade Receivables : Considered good | 328,120.78 | 24,787.51 | 21,513.11 | 578,824.36 | 172,396.28 | 1,125,642.04 |
| (ii) Undisputed Trade Receivables : Considered doubtful | | | | | | |
| (iii) Disputed Trade Receivables : Considered good | | | | | | |
| (iv) Disputed Trade Receivables : Considered doubtful | | | | | | |

| Particulars | Outstanding from due date of payment as on 31st March 2021 | | | | | |
|---|--|-------------------|------------|------------|-------------------|--------------|
| | Less than 6 months | 6 months - 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade | 332,219.65 | 1,812.27 | 529,409.66 | 181,130.62 | 26,184.05 | 1,070,756.25 |
| (ii) Undisputed Trade Receivables : Considered doubtful | | | | | | |
| (iii) Disputed Trade Receivables : Considered good | | | | | | |
| (iv) Disputed Trade Receivables : Considered doubtful | | | | | | |

8 Cash and cash equivalents

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Cash on hand (as certified) | 4,044.79 | 1,454.15 |
| Balances with banks in current accounts | 7,670.14 | 16,883.02 |
| | <u>11,714.93</u> | <u>18,337.17</u> |

9 Loans: current

| | As at 31st March 2022 | As at 31st March 2021 |
|----------------------------|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Loan to body corporate | | 5,452.70 |
| Advance to others | | 45.24 |
| Loan to related party | 18.01 | |
| Less: Expected Credit Loss | 2,224.50 | |
| | 5.56 | |
| | <u>2,236.95</u> | <u>5,497.94</u> |

9.1 Additional disclosure in respect of Current loans and advances:-

| Particular | As at 31st March 2022 | | As at 31st March 2021 | |
|---|----------------------------|---|----------------------------|---|
| | Amount of loan outstanding | Percentage of the total loan and advances | Amount of loan outstanding | Percentage of the total loan and advances |
| Loans and advances granted to promoters, directors, KMPs and other related parties that are (a) repayable on demand; or (b) without specifying any terms or period of repayment | Nil | Nil | Nil | Nil |



For A F Enterprises Ltd.

Director

For A F Enterprises Ltd.

Director

10 Other current assets

| | (in Rs '000') | |
|-----------------------------------|--------------------------|--------------------------|
| | As at 31st March 2022 | As at 31st March 2021 |
| Input credit of GST | | |
| Balances with revenue authorities | 39,012.48 | 37,534.28 |
| Advance to suppliers | 2,070.03 | 1,750.16 |
| Advance to replated party | 117,230.45 | 15,817.19 |
| Advance to Employees | 500.01 | 119.35 |
| Security deposits | 87.30 | |
| Prepaid expenses | | 5.00 |
| | 27.72 | 16.67 |
| | <u>158,927.99</u> | <u>55,242.65</u> |

10.1 Input credit under GST includes a sum of Rs. 29,481.10 thousands challenged by the GST Department pursuant to search conducted on 6th September 2019. 1

11 Equity share capital

| | 31st March 2022 | | 31st March 2021 | |
|--|-------------------|-------------------|-------------------|-------------------|
| | Nos. | (Rs. in '000') | Nos. | (Rs. in '000') |
| Authorized shares | | | | |
| Equity shares of Rs. 10 each | 24,500,000 | 245,000.00 | 24,500,000 | 245,000.00 |
| | <u>24,500,000</u> | <u>245,000.00</u> | <u>24,500,000</u> | <u>245,000.00</u> |
| Issued, subscribed and fully paid-up shares | | | | |
| Equity shares of Rs. 10 each fully Paid up | 12,913,636 | 129,136.36 | 9,513,636 | 95,136.36 |
| | <u>12,913,636</u> | <u>129,136.36</u> | <u>9,513,636</u> | <u>95,136.36</u> |

11.1 Reconciliation of number of equity shares and amount outstanding

| | 31st March 2022 | | 31st March 2021 | |
|---|-------------------|-------------------|------------------|------------------|
| | Nos. | (Rs. in '000') | Nos. | (Rs. in '000') |
| Equity Shares | | | | |
| At the beginning of the period | 9,513,636 | 95,136.36 | 4,000,000 | 40,000.00 |
| Add: Issued during the year | | | | |
| Preferential Allotment (Note 11.2) | | | 5,513,636 | 55,136.36 |
| Add: Conversion of Share Warrants (Note 11.3) | 2,800,000 | 28,000.00 | | |
| Add: Sweat Equity shares issued (Note 11.4) | 600,000 | 6,000.00 | | |
| Total outstanding at the end of the period | <u>12,913,636</u> | <u>129,136.36</u> | <u>9,513,636</u> | <u>95,136.36</u> |

11.2 During the year ended on 31st March 2021, the company has allotted 55,13,636 equity Shares of face value of 10 each at a price of Rs. 11 (inclusive of premium of Rs. 1) aggregating to Rs. 6,06,49,996 dated 02.02.21, for cash to strategic investors.

11.3 During the year, the company has issued 40,00,000 Share warrants at an issue price of Rs. 18 each as per terms approved by shareholders in postal ballot held on 5th July 2021. Every share warrant has an option of conversion into one equity share of Rs. 10 each to be exercised by the warrant holder within 18 months of the issue by the Company. Out of 40,00,000 share warrants, 28,00,000 share warrants were converted into the equity shares and 12,00,000 share warrants are pending at the end of the year.

11.4 During the year, the company has allotted 6,00,000 equity Shares of face value of 10 each at a price of Rs. 18 (inclusive of premium of Rs. 8) each for a consideration other than cash for value addition in the company by the respective allottees i.e. Directors of the company.

11.5 Terms and rights attached to equity shares

The company has issued only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to vote per share. The company declares and pays dividend if any, in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all the preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

11.6 Details of shareholders holding more than 5% shares in the company :

| | 31st March 2022 | | 31st March 2021 | |
|---|-----------------|-----------|-----------------|-----------|
| | Nos. | % holding | Nos. | % holding |
| Anjaneyaputra Human Resource Consultancy Pvt. | 1,000,000 | 7.74% | 1,000,000 | 10.51% |
| Rishan Singh Keer | 1,000,000 | 7.74% | - | 0.00% |
| Anuva Kaur Keer | 1,000,000 | 7.74% | - | 0.00% |
| Rakesh Rawat | 950,000 | 7.36% | 950,000 | 9.99% |
| Shashi Rawat | 950,000 | 7.36% | 950,000 | 9.99% |
| Sandeep Armeja | 950,000 | 7.36% | 950,000 | 9.99% |
| RMS Mosquito Pvt Ltd | 807,600 | 6.25% | 807,600 | 8.49% |
| RDS Corporate Services Private Limited | 800,000 | 6.20% | - | 0.00% |
| Sahil Arora | 650,000 | 5.03% | 500,000 | 5.26% |

As per records, registers and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

11.7 Details of shares held by promoters in the Company

| Promoter Name | As at 31st March 2022 | | As at 31st March 2021 | | % Change during the year |
|------------------------------|-----------------------|-------------------|-----------------------|-------------------|--------------------------|
| | No of Shares | % of total Shares | No of Shares | % of total Shares | |
| | | | | | |
| RMS Mosquito Private Limited | | | | | |

There is no change in promoters shareholding during the period ended March 31, 2022 and March 31, 2021 due to increase in non promoter shareholding on further issue of Capital.

(In Rs '000')

12 Other equity

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Security Premium : | | |
| Opening balance | 5,513.64 | |
| Add/(less) : On Issue of equity shares | 27,200.00 | 5,513.64 |
| Closing balance | <u>32,713.64</u> | <u>5,513.64</u> |
| Retained earnings : | | |
| Opening balance | 6,791.30 | |
| Add/(less) : Profit/ (loss) for the year | 11,140.81 | (955.73) |
| Less: Pre- acquisition profits of the subsidiary | | 10,523.25 |
| Closing balance | <u>17,932.11</u> | <u>(2,776.22)</u> |
| Money received against share warrants | | |
| Opening balance | | |
| Add: received during the year | 33,400.00 | |
| Less: conversion of warrant into equity shares | 28,000.00 | |
| Closing balance | <u>5,400.00</u> | |
| Fair Value through Other Comprehensive Income | | |
| Remeasurement of Defined Benefit Obligation | | |
| Opening balance | 22.26 | |
| Add/(less) : Changes during the year (net of tax) | 54.97 | 22.26 |
| Closing balance | <u>77.23</u> | <u>22.26</u> |
| Total Other Equity | <u>56,122.98</u> | <u>12,327.20</u> |

13 Borrowings (other than debt securities)

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| From Banks | | |
| Secured loans: | | |
| Finance lease obligations (Note 13.1) | 1,261.50 | 1,426.18 |
| Less: current portion t/f to other financial liabilities (note 18) | (312.16) | (447.56) |
| From other Parties | | |
| Unsecured loans | | |
| From Others | 64,126.48 | 33,347.00 |
| | <u>65,075.82</u> | <u>34,325.62</u> |

13.1 Finance lease obligation reflects car loans obtained from Axis Bank Ltd and HDFC Bank Ltd. Loan of Rs. 1,400.00 thousands has been obtained from Axis Bank Ltd. repayable in 60 Equated Monthly Installments of Rs. 29.57 thousands whereas Rs. 1,406.76 thousands has been obtained from HDFC Bank Ltd. repayable in 60 Equated Monthly installments of Rs. 29.21 thousands. Such loans are secured against hypothecation of respective vehicles.

13.2 Default in repayment of loan from Axis Bank Ltd.

| | Amount of Default | Interest outstanding during default period | Period of default |
|--|-------------------|--|------------------------|
| | 539.73 | 118.40 | January 2020 till date |

14 Other financial liabilities - non current

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| Lease Liability (as per Ind AS 116) (Note 3.3) | 397.02 | 4,936.94 |
| | <u>397.02</u> | <u>4,936.94</u> |

15 Provision -Non current

| | As at 31st March 2022 | As at 31st March 2021 |
|--------------|--------------------------|--------------------------|
| For Gratuity | 729.13 | 878.76 |
| | <u>729.13</u> | <u>878.76</u> |

16 Deferred tax assets/Liabilities (net)

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| At the start of the year | 2,079.83 | (4,167.52) |
| (Charge)/ credit to statement of profit and loss and reserves & surplus | 568.29 | 6,247.34 |
| At the end of year | <u>2,648.12</u> | <u>2,079.82</u> |

16.1 Deferred tax asset is recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

16.2 The tax effect of significant timing differences that has resulted in deferred tax assets are given below:-

| Particulars | For the year ended on 31st March 2022 | | | |
|-------------------------------|---------------------------------------|----------------------------------|----------------------|-------------------------|
| | Opening Balance 2021 | Recognized in profit and loss | Recognized in OCI | Closing Balance 2022 |
| Property, plant and equipment | 2,305.04 | 350.46 | | 2,655.50 |



| (in Rs '000') | | | | |
|---|-----------------|---------------|--------------|-----------------|
| Losses carried forward under the Income Tax Act, 1961 | | | | |
| Provision For Gratuity | (38.78) | 31.59 | 18.49 | 11.30 |
| Others | (186.44) | 167.75 | - | (18.69) |
| Total | 2,079.82 | 549.80 | 18.49 | 2,648.12 |

| Particulars | For the year ended on 31st March 2021 | | | |
|---|---------------------------------------|-----------------|---------------|-----------------|
| | Opening | Recognized in | Recognized in | Closing Balance |
| Property, plant and equipment | 1,601.90 | 703.14 | - | 2,305.04 |
| Losses carried forward under the Income Tax Act, 1961 | (930.10) | 930.10 | - | - |
| Provision For Gratuity | (176.98) | 130.71 | 7.49 | (38.78) |
| Others | (23.22) | (163.22) | - | (186.44) |
| Total | 471.60 | 1,600.73 | 7.49 | 2,079.82 |

17 Trade payables: current

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| - Outstanding dues to micro enterprises and small enterprises (Note 17.1) | - | 531.28 |
| - Interest dues to micro enterprises and small enterprises (Note 17.1 & 17.2) | - | 30.17 |
| - Outstanding dues of creditors other than micro enterprises and small enterprises | 1,023,471.31 | 947,028.27 |
| | <u>1,023,471.31</u> | <u>947,589.72</u> |

17.1 Details of balance amount outstanding to micro, small and medium enterprises :

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| (i) Unpaid amount to any supplier | - | - |
| a) Principal amount | - | 531.28 |
| b) Interest thereon | - | 30.17 |
| (ii) Interest paid as per Sec 16 of MSMED Act, 2006 during the year | - | - |
| (iii) Interest due and payable for the delayed payments made during the year | - | - |
| (iv) Interest accrued and remaining unpaid | - | - |
| (v) Further interest due and payable, which are disallowed as a deductible expense under Sec 23 of MSMED Act, 2006 | - | 30.17 |

17.2 Interest liability computed at the rate of three times of Bank rate issued by RBI i.e., @ 12.75% per annum.

17.3 Trade payable due for payment and the ageing schedule as below:-

| Particulars | Outstanding from due date of payment as on 31st March 2022 | | | | |
|-----------------------------|--|-----------|------------|-------------------|--------------|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| (i) Others than MSME | 404,229.92 | 24,940.60 | 416,687.38 | 177,613.41 | 1,023,471.31 |
| (ii) MSME | - | - | - | - | - |
| (iii) Disputed dues : MSME | - | - | - | - | - |
| (iv) Disputed dues : others | - | - | - | - | - |

| Particulars | Outstanding from due date of payment as on 31st March 2021 | | | | |
|-----------------------------|--|------------|------------|-------------------|------------|
| | Less than 1 Year | 1-2 Years | 2-3 Years | More than 3 Years | Total |
| (i) Others than MSME | 279,682.46 | 400,096.95 | 188,811.56 | 78,437.31 | 947,028.27 |
| (ii) MSME | 400.85 | 160.60 | - | - | 561.45 |
| (iii) Disputed dues : MSME | - | - | - | - | - |
| (iv) Disputed dues : others | - | - | - | - | - |

18 Other financial liabilities: current

| | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Current maturities of finance lease obligations (refer note 13) | 312.16 | 447.56 |
| Expenses payable | 1,304.01 | - |
| | <u>1,616.17</u> | <u>447.56</u> |

19 Other current liabilities

| | As at 31st March 2022 | As at 31st March 2021 |
|---------------------------------|--------------------------|--------------------------|
| Advance received from customers | 150,550.53 | 152,679.12 |
| TDS Payable | 927.63 | 546.67 |
| Statutory Dues | 631.89 | - |
| Other Expense | 278.91 | - |
| TCS payable | 203.96 | 46.39 |
| EPF, ESI and LWF payable | 831.08 | 635.12 |
| Other payables | 798.45 | 2,050.01 |
| Expenses payable | - | 1,950.92 |
| | <u>154,222.45</u> | <u>157,908.23</u> |

20 Provisions: current
For Gratuity

| | As at 31st March 2022 | As at 31st March 2021 |
|--|--------------------------|--------------------------|
| | 1.34 | 1.54 |
| | <u>1.34</u> | <u>1.54</u> |



| | (in Rs '000') | |
|---|------------------------------|---------------------------|
| Sale of products : | | |
| Plastic | 136,935.17 | 42,289.30 |
| Rough emerald | 101,964.01 | 130,942.93 |
| Others | 246,567.95 | 196,648.78 |
| Sale of shares & securities | <u>286.72</u> | <u>7,129.24</u> |
| | 485,753.85 | 377,010.25 |
| 21 Other income | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Foreign exchange fluctuation gain | 17,482.30 | . |
| Profit & Loss on Sale of PPE | 437.99 | . |
| Sale of MEIS License | . | 602.04 |
| Interest On Income Tax Refund | 9.53 | . |
| Derecognition of financial liability | 191.27 | . |
| Discount received | 1,216.78 | 42.85 |
| Miscellaneous income | 12.95 | . |
| Prior period income | 4,951.46 | . |
| Rental income | . | 350.00 |
| Derecognition on lease liability | . | 82.28 |
| | <u>24,302.28</u> | <u>1,077.17</u> |
| 22 Cost of materials consumed | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Opening stock of raw materials | 7,840.67 | 3,257.65 |
| Add: purchases during the year | 126,042.80 | 22,935.44 |
| Less: closing stock of raw materials | (38,091.92) | (7,840.67) |
| | <u>95,791.55</u> | <u>18,352.42</u> |
| 23 Purchase of stock in trade | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Fabrics | 88,545.55 | 48,534.99 |
| Rough emerald | . | 185,452.46 |
| Others | 234,876.74 | 8,304.28 |
| Shares & securities | 966.50 | . |
| | <u>324,388.79</u> | <u>242,291.73</u> |
| 24 Changes in inventories | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Opening balance of stock in trade | 2,198.74 | 62,965.55 |
| Closing balance of stock in trade | (1,727.39) | (2,198.74) |
| Changes in inventories of stock in trade | 471.35 | 60,766.81 |
| 25 Operating Costs | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Wages | 5,213.05 | 3,278.19 |
| Job work materials | 569.20 | 1,130.85 |
| Fuel & power expenses | 614.18 | 565.05 |
| Consumables | 1,361.29 | 1,087.27 |
| Loading & freight | 153.70 | 369.80 |
| | <u>7,911.42</u> | <u>6,431.16</u> |
| 26 Employee benefits expense | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Director Remuneration (Basic Salary) | 11,159.85 | 360.00 |
| Salaries and allowances | 9,308.88 | 7,165.20 |
| Employer contribution to PF | 147.07 | 169.05 |
| Employer contribution to ESIC | 29.66 | 36.51 |
| Staff Welfare | 548.93 | 551.45 |
| Gratuity expense | 363.48 | 352.60 |
| | <u>21,557.87</u> | <u>8,634.81</u> |
| 27 Finance cost | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Interest on lease liability (as per Ind AS 116) | 260.08 | 646.46 |
| Interest to banks | 116.87 | 104.45 |
| Interest to others | 1,217.00 | 51.28 |
| | <u>1,593.95</u> | <u>802.19</u> |
| 28 Other expenses | For the year ended on | For the year ended |
| | 31st March 2022 | on 31st March 2021 |
| Advertisement expenses | 3,552.15 | 79.57 |
| Payment to statutory auditors (Note 35) | 400.00 | 405.50 |
| Bank charges | 116.33 | 69.64 |
| Balance written off | 4.04 | . |
| Interest on statutory dues | . | 57.06 |
| Credit card charges | 705.23 | 231.08 |
| Business promotion | 385.95 | 596.16 |
| Certification charges | 85.72 | 92.73 |
| Consolidated charges | 1.19 | . |
| Conveyance charges | . | 78.45 |



| | | (in Rs '000') |
|---------------------------------------|------------------|------------------|
| Discount | 6.74 | 86.76 |
| Electricity and maintenance expenses | 8,250.24 | 6,001.38 |
| Expected Credit Loss | 107.60 | |
| Festival Expenses | 1,425.15 | |
| Foreign exchange fluctuation loss | 1,717.90 | 10,432.60 |
| Filing fees & subscription | - | 403.00 |
| Fittings | 88.00 | 209.90 |
| Freight & cartage | 1,533.78 | 774.79 |
| General expenses | 261.26 | 184.38 |
| GST penalty | - | 43.99 |
| Interest and penalties | 0.33 | |
| Job work expense | - | 574.93 |
| Labour welfare | 16.27 | 14.17 |
| Late delivery charges | - | 103.25 |
| Legal & professional charges | 1,034.89 | 399.06 |
| Miscellaneous expenses | 0.71 | 5.74 |
| Membership & registration fees | 884.38 | 48.94 |
| Office expenses | 231.01 | 199.99 |
| Printing & stationery | 101.95 | 26.81 |
| Product testing charges | 55.50 | 48.97 |
| Professional & consultancy charges | 15.00 | 5.00 |
| Rent, rate & taxes | 416.97 | 32.66 |
| Repair & maintenance | 1,079.05 | 1,411.41 |
| Recruitment expenses | - | 15.50 |
| Reimbursement expenses | - | 5.05 |
| RTA expenses | 22.72 | |
| ROC expenses | 14.70 | 1,826.05 |
| Security charges | 661.28 | 991.39 |
| Service Charge | 26.30 | |
| Software Renewal | 10.80 | |
| Stamp Papers | 0.50 | |
| Telephone expense | 152.67 | 142.56 |
| Tender Fees | 29.79 | 6.75 |
| Tour & Travels | 3,438.06 | 1,432.90 |
| Vehicle running & maintenance | 238.14 | 515.93 |
| Interest due on delay Payment to MSME | - | 30.17 |
| Workspace Expenses(Mail) | 42.50 | |
| | 27,939.90 | 27,654.15 |

29 Exceptional item for Rs. 19,500.36 thousands during the year ended on 31st March 2021, is related to remission of liability against previous year's wages and advertisement expenditure. Vendors has settled & issued credit note during the year ended 31st March 21. The effect of adjustments has been results to increase in earning per share (EPS) (Basic & Diluted) for the year ended on 31st March, 2021 by Rs. 3.01

30 Related Parties:-

As per IND AS 24, the disclosures of transactions with the related parties are given below:

(i) List of related parties where control exists and also related parties with whom transactions have taken place and relationship:

| | | |
|-----|--|--|
| (a) | Subsidiary/Associate Entity | Aunik IT Solutions Private Limited |
| (b) | Key Management Personnel | Mr. Santosh Kumar Kushwaha (Director) Mr. Sahil Arora (Director) Ms. Shagun Ajmani (Director) Mr. Abhishek Singh (Director & CFO) Ms. Payal Sachdeva (Company Secretary) Ms. Prerna Sethi (Past Director) Mr. Neeraj Kumar Singh (Past CFO) Ms. Bhawna (Past Company Secretary) |
| (c) | Relatives of Key Management Personnel | None |
| (d) | Enterprises owned or significantly influenced by the Key Management Personnel or their Relatives | M/s RDS Corporate Services Private Limited M/s SNP Infosolutions LLP M/s RMS Mosquito Private Limited M/s Consider Done |

(b) Transaction with Related Parties:-

| | Transaction with | Nature of Transaction | Transactions during the year | |
|-----|------------------------------------|-----------------------------|------------------------------|-----------------|
| | | | 31st March 2022 | 31st March 2021 |
| (a) | Subsidiary Company:- | | | |
| | Aunik IT Solutions Private Limited | Investment in Equity Shares | Nil | 9,527.00 |
| | | Loans Given | 10,000.00 | Nil |
| | | Loan Recovered | 10,000.00 | Nil |
| | | Purchases | Nil | 6,526.28 |
| (b) | Key Management Personnel:- | | | |
| | Mr. Sahil Arora | Loans received | 3737 | Nil |
| | | Loans repaid | 3737 | Nil |
| | | Issue of Share Capital | Nil | 5500 |

(In Rs '000')

| | | | |
|--|--|----------|----------|
| | Remuneration (Sweat Equity Shares Issued) | 2700.00 | Nil |
| Ms. Shagun Ajmani | Loans received | 1778 | Nil |
| | Loans repaid | 1700 | Nil |
| | Issue of Share Capital | Nil | 4,000.00 |
| | Remuneration (Sweat Equity Shares Issued) | 2700.00 | Nil |
| Mr. Abhishek Singh | Remuneration | 359.85 | 360 |
| | Reimbursement of Expenses | 1,219.75 | Nil |
| | Advance against salary | 500.01 | Nil |
| Mr. Santosh Kumar Kushwaha | Advance received from customer | Nil | 81 |
| | Remuneration (Sweat Equity Shares Issued) | 5,400.00 | Nil |
| | Loans Received | 3,012.00 | Nil |
| Ms. Payal Sachdeva | Loans Repaid | 787.50 | Nil |
| | Remuneration | 360.72 | Nil |
| (c) | Relatives of Key Management Personnel :- None | | |
| (d) | Enterprises in which Key Management Personnel and Relatives are having significant influences :- | | |
| M/s RDS Corporate Services Private Limited | Loans given | 562.00 | Nil |
| | Loans recovered | Nil | Nil |
| | Issue of Share Warrants | 14400.00 | Nil |
| M/s SNP Solutions LLP | Advance received from customer | Nil | Nil |
| M/s Consider Done | Loan Given | 17019.54 | Nil |
| | Loan Recovered | 8720.00 | Nil |

(c) Balance with the Related Parties:-

| | Transaction with | Nature of Transaction | Balance as at | |
|--|---|---------------------------------------|-----------------|-----------------|
| | | | 31st March 2022 | 31st March 2021 |
| (a) | Subsidiary Company:- | | | |
| | Aunik IT Solutions Private Limited | Investment in Equity Shares | Nil | 9,527.00 |
| | Credit Purchase | | | Nil |
| (b) | Key Management Personnel:- | | | |
| Mr. Sahil Arora | | Borrowing | Nil | Nil |
| | | Issue of Share Capital pending issue | Nil | Nil |
| | | Remuneration Payable | Nil | Nil |
| Ms. Shagun Ajmani | | Borrowing | 78 | Nil |
| | | Issue of Share Capital pending issue | Nil | Nil |
| | | Remuneration Payable | Nil | Nil |
| Mr. Abhishek Singh | | Remuneration Payable | Nil | 30.00 |
| | | Expenses Payable | Nil | Nil |
| | | Advance against salary | 500.01 | Nil |
| Mr. Santosh Kumar Kushwaha | | Advance received from customer | Nil | 2,040.41 |
| | | Remuneration Payable | Nil | Nil |
| | | Loans & Advances | 2,224.50 | Nil |
| Ms. Payal Sachdeva | | Remuneration Payable | Nil | Nil |
| (c) | Relatives of Key Management Personnel :- None | | | |
| (d) | Enterprises in which Key Management Personnel and Relatives are having significant influences:- | | | |
| M/s RDS Corporate Services Private Limited | | Loans & Advances | 6,398.97 | 5,836.97 |
| | | Issue of Share Warrants pending issue | Nil | Nil |
| M/s SNP Infosolutions LLP | | Advance received from customer | 195.00 | 195.00 |
| M/s Consider Done | | Loans & Advances | 8299.54 | Nil |

31 Segment Information:

The Company has identified five reportable segments viz., shares and securities, rough emerald, fabric, glasses and plastic molded components after taking into account the nature of product and services and the differing risk and returns on such products and services. The accounting policies adopted for segment reporting are in line with the accounting policy of the company with following additional policies for segment reporting:-

- Revenue and expenses have been identified to a segment on the basis of relation to operating activities of the segment. Revenue and expenses that relates to enterprise as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Un-allocable".
- Segment Assets and Segment Liabilities represent Assets and Liabilities in respective segments. Assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Un-allocable".
- Segment Information:

| Particulars | 31st March 2022 | 31st March 2021 |
|---------------------------|-----------------|-----------------|
| Segment | | |
| Shares & securities | 286.72 | 7,129.24 |
| Rough emerald | 101,944.01 | 227,526.79 |
| Software Services | | |
| Plastic molded components | 246,567.95 | |

| | | (in Rs '000') | |
|---|--|---------------------|---------------------|
| Unallocable | | | |
| Total Revenue | | (0.00) | 65.43 |
| | | 485,753.85 | 377,010.26 |
| Segment Results | | | |
| (Profit/ loss before interest and taxes) | | | |
| Shares & Securities | | | |
| Rough Emerald | | (794.91) | 145.01 |
| Software Services | | 13,418.45 | 29,752.84 |
| Plastic molded components | | 760.12 | (5,469.71) |
| Less: Interest | | 18,375.35 | (4,552.12) |
| Less: Other Un-allocable expenditure (net) | | (1,593.95) | (514.04) |
| Total Profit Before Taxes | | (13,637.67) | (3,126.20) |
| | | 16,527.39 | 16,235.78 |
| Segment assets | | | |
| Shares & Securities | | 1,696.31 | 1,792.42 |
| Rough Emerald | | 95,892.28 | 312,472.99 |
| Software Services | | 273,712.91 | 1,644.68 |
| Fabrics | | 254,059.94 | 238,358.01 |
| Glasses | | | 3,755.31 |
| Plastic molded components | | 428,250.50 | 61,994.45 |
| Un-allocable | | 383,822.36 | 639,063.71 |
| Total | | 1,437,434.30 | 1,259,081.57 |
| Segment liabilities | | | |
| Shares & Securities | | | |
| Rough Emerald | | (19.02) | 741.46 |
| Software Services | | (95,892.28) | 415,450.85 |
| Fabrics | | 280,557.22 | 10,896.16 |
| Glasses | | (25,700.01) | 132,072.13 |
| Plastic molded components | | | |
| Un-allocable | | 195,637.33 | 403,859.71 |
| Total | | 897,591.73 | 186,418.34 |
| | | 1,252,174.96 | 1,149,438.65 |
| Capital employed | | | |
| Shares & Securities | | | |
| Rough Emerald | | 1,715.32 | 1,050.96 |
| Software Services | | 191,784.57 | (102,977.86) |
| Fabrics | | (6,844.31) | (9,251.48) |
| Glasses | | 279,759.96 | 106,285.88 |
| Plastic molded components | | | 3,755.31 |
| Un-allocable | | 232,613.16 | (341,865.26) |
| Total | | (513,769.37) | 452,645.37 |
| | | 185,259.34 | 109,642.92 |

(iv) Secondary Segment information: -

The Company does not have secondary segment division in respect of reportable segments.

32 Categories of Financial Instruments and its fair value measurement

| Financial assets | As at 31st March, 2022 | As at 31st March, 2021 |
|-----------------------------------|------------------------|------------------------|
| Measured at amortised cost | | |
| (i) Loans | | |
| (i) Trade receivables | 42,948.54 | 32,537.33 |
| (ii) Cash and Bank balance | 1,125,642.04 | 1,070,756.25 |
| Total | 1,180,305.51 | 1,121,630.75 |

| Financial liabilities | As at 31st March, 2022 | As at 31st March, 2021 |
|-----------------------------------|------------------------|------------------------|
| Measured at amortised cost | | |
| (i) Borrowings | | |
| (ii) Other financial liabilities | 65,075.82 | 34,325.62 |
| (iii) Trade and other payables | 2,013.19 | 5,384.50 |
| Total | 1,023,471.31 | 947,028.27 |
| | 1,090,560.32 | 986,738.39 |

The fair values of current debtors, bank balances, current creditors and current borrowings are assumed to approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

Fair value Measurement

| Particulars | Fair value as at | Fair value as at | Fair value hierarchy | Valuation technique(s) and key input(s) |
|------------------------------|------------------------|------------------------|----------------------|--|
| | As at 31st March, 2022 | As at 31st March, 2021 | | |
| Financial assets | | | | |
| Loans | 42948.54 | 32537.33 | Level 2 | Discounted estimated cash flow through the expected life of the borrowings |
| Financial Liabilities | | | | |
| Borrowings | 65075.82 | 34325.62 | Level 2 | Discounted estimated cash flow through the expected life of the borrowings |



(in Rs '000')

| 33 Particulars | For the year ended on | For the year ended on |
|--|-----------------------|-----------------------|
| | 31st March 2022 | 31st March 2021 |
| Expenditure in foreign currency i.e loss | 10,432.60 | 10,432.60 |
| Earning/ Income in foreign currency | 17,482.30 | Nil |

34 Break- up of payments made to statutory auditors (including taxes) are disclosed as under:

| Particulars | For the year ended on | For the year ended on |
|---|-----------------------|-----------------------|
| | 31st March 2022 | 31st March 2021 |
| In respect of statutory audit (including tax audit) | 400.00 | 360.00 |
| In respect of GST Audit | 0.00 | 30.00 |
| In respect of certification | 51.50 | 15.50 |
| TOTAL | 451.50 | 405.50 |



For A F Enterprises Ltd.

 Director

For A F Enterprises Ltd.

 Director

35

(in Rs '000')

| Particulars | For the year ended on 31st March 2022 | For the year ended on 31st March 2021 |
|--|--|--|
| Contingent Liability not provided for | | |
| Search and Seizure conducted under CGST/SGST Act :- On 6th September 2019, a search has been conducted under provision of CGST/SGST Act, 2017 wherein the appropriate authorities had seized certain documents and freeze the bank accounts of the company. The bank accounts were subsequently unfreezed through stay order of High Court of Punjab and Haryana vide interim order dated 10 February 2020. The matter is pending for adjudication. | Unascertainable | Unascertainable |
| Pending litigations by/ against the Company | None | None |

36 The following subsidiary company is considered in the Consolidated Financial Statements :-

| S. No. | Name of Subsidiary | Country of Incorporation | % of Equity holding either directly or through Subsidiaries | |
|-------------------|--------------------------------------|--------------------------|---|-----------------|
| | | | 31st March 2022 | 31st March 2021 |
| Direct Subsidiary | | | | |
| (i) | Aunik I.T. Solutions Private Limited | India | 95.27% | 95.27% |

37 Necessary disclosures requirements of Indian Accounting Standard (Ind AS) - 19 on 'Employee Benefits' in respect of gratuity are made as required :-
In respect of 'Gratuity Scheme' :-

(i) Amount Recognised in the Balance Sheet :-

| Particulars | As at 31st March 2022 | As at 31st March 2021 |
|---|--------------------------|--------------------------|
| Present Value of the obligation | 730.47 | 880.30 |
| Fair Value of Plan Assets | Nil | Nil |
| Funded Status [Surplus/ (Deficit)] | (730.47) | (880.30) |
| Unrecognised Past Service Cost | Nil | Nil |
| Asset/(liability) recognised in Balance Sheet | 730.47 | 880.30 |

(ii) Amount Recognised in Statement of Profit & Loss :-

| Particulars | For the year ended on 31st March 2022 | For the year ended on 31st March 2022 |
|---|--|--|
| Current Service Cost | 350.58 | 346.15 |
| Interest Cost | 12.90 | 6.46 |
| Expected Return on Plan Asset | Nil | Nil |
| Past service cost | Nil | Nil |
| Expense to be recognized in profit and loss | 363.48 | 352.61 |

(iii) Other Comprehensive (income)/ expenses (Remeasurement)

| Particulars | For the year ended on 31st March 2022 |
|--|--|
| Cumulative unrecognized actuarial (gain)/loss opening, B/F | Nil |
| Actuarial (gain)/loss- Obligation | Nil |
| Actuarial (gain)/loss- from changes in financial assumptions | (3.82) |
| Actuarial (gain)/loss - Plan assets | (69.64) |
| Total Actuarial (gain)/loss | Nil |
| Cumulative Total Actuarial (gain)/ loss, C/F | (73.46) |

(iv) Principal Actuarial Assumptions :-

| Method of Valuation | Project Unit Credit Method |
|---------------------|----------------------------|
| Discounting Rate | 7.00% Per Annum |
| Salary Growth Rate | 5.00% Per Annum |
| Mortality | IALM 2012-14 |
| Withdrawal Rate | 5.00% Per Annum |

38 Ratio Analysis and its components

| S.No. | Particulars | 31st March 2022 | 31st March 2021 | % change from March 31, 2021 to March 31, 2022 |
|-------|---------------------------------|-----------------|-----------------|--|
| 1 | Current ratio | 1.13 | 1.05 | 8.18% |
| 2 | Debt- Equity Ratio | 0.35 | 0.32 | 9.97% |
| 3 | Debt Service Coverage Ratio | 1.59 | 1.21 | 31.71% |
| 4 | Return on Equity Ratio | 0.08 | 0.10 | -22.09% |
| 5 | Inventory Turnover Ratio | 19.49 | 75.11 | -74.06% |
| 6 | Trade Receivable Turnover Ratio | 0.44 | 0.70 | -37.19% |
| 7 | Trade Payable Turnover Ratio | 0.49 | 0.80 | -38.06% |
| 8 | Net Capital Turnover Ratio | 3.14 | 7.52 | -58.25% |
| 9 | Net Profit Ratio | 0.02 | 0.03 | -17.64% |
| 10 | Return on Capital Employed | 0.02 | 0.03 | -17.64% |
| 11 | Return on Investment | 0.02 | 0.02 | 0.00% |

Reasons for variance of more than 25% in above ratios

(in Rs '000')

- (i) Debt Service Coverage Ratio has decreased due to increase in principal repayment of loan
- (iii) Inventory Turnover Ratio decreased due to increase in average inventory
- (iii) Trade Receivable Turnover Ratio decreased due to increase in average trade receivables
- (iv) Trade Payable Turnover ratio has decreased due to increase in average trade payables
- (v) Net Capital Turnover Ratio has decreased due to increase in working capital
- (vi) Return on Capital Employed ratio has increased due to increase in profit before exceptional items

Components of Ratio

| S.No. | Ratios | Numerator | Denominator | March 31st 2022 | | March 31st 2021 | |
|-------|---------------------------------|--|--|-----------------|--------------|-----------------|--------------|
| | | | | Numerator | Denominator | Numerator | Denominator |
| 1 | Current ratio | Current Assets | Current Liabilities | 1,338,341.22 | 1,183,648.58 | 1,159,873.42 | 1,109,746.37 |
| 2 | Debt- Equity Ratio | Borrowings | Total Equity(Equity Share capital+Other equity) | 65,075.82 | 185,259.34 | 34,325.62 | 107,463.56 |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service (Net profit before exceptional items & tax expense + depreciation & amortization + Finance cost + Non cash operating items + other adjustment) | Finance cost + principle repayment of long term borrowings during the period/year | 32,102.85 | 20,211.26 | 13,956.34 | 11,573.23 |
| 4 | Return on Equity Ratio | Net profit after tax-Exceptional items | Average Total Equity [(Opening Equity Share capital + Opening Other equity + Closing Equity Share Capital + Closing Other Equity)/2] | 11,166.60 | 146,361.45 | 10,523.25 | 107,463.56 |
| 5 | Inventory Turnover Ratio | Revenue from sales of products | Average Inventory [(opening balance + closing balance)/2] | 485,753.85 | 24,929.36 | 377,010.25 | 5,019.71 |
| 6 | Trade Receivable Turnover Ratio | Revenue from operations | Average trade receivable [(Opening balance + closing balance)/2] | 485,753.85 | 1,098,199.15 | 377,010.25 | 535,378.13 |
| 7 | Trade Payable Turnover Ratio | Revenue from operations | Average trade payable [(Opening balance + closing balance)/2] | 485,753.85 | 985,530.52 | 377,010.25 | 473,794.86 |
| 8 | Net Capital Turnover Ratio | Revenue from operations | Working capital (Current asset-current liabilities) | 485,753.85 | 154,692.64 | 377,010.25 | 50,127.05 |
| 9 | Net Profit Ratio | Net profit after tax-Exceptional items | Revenue from operations | 11,166.60 | 485,753.85 | 10,523.25 | 377,010.25 |
| 10 | Return on Capital Employed | Profit Before interest, Tax & Exceptional item | Total Equity + Total Debts (including preference share liability) | 18,121.34 | 194,212.18 | (2,562.06) | 129,461.98 |
| 11 | Return on Investment | Interest Income on fixed deposits + Profit on sale of investments + Income of investment - impairment on value of investment | Current investments + Non current Investments - Fixed deposits with bank | | | | |

39 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

(i) Market risk

- (a) Interest rate risk;
- (ii) Credit risk and ;
- (iii) Liquidity risk

Risk management framework

The Company's activities expose it to a variety of financial risks, including market risk. The Company's primary risk management focus is to minimize potential adverse effects of risks on its financial performance. The Company's risk management assessment policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management of these policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors and the Audit Committee are responsible for overseeing these policies and processes.

(i) Market risk

Market risk is the risk of changes in the market prices on account of foreign exchange rates, interest rates and Commodity prices, which shall affect the Company's income or the value of its holdings of its financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the returns.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to market risk for changes in interest rates relates to borrowings from banks and others.

Interest rate sensitivity - variable rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by amounts shown below. This analysis assumes that all other variables, in particular, foreign currency exchange rates, remain constant. This table also assumes that the change occurs at the beginning of the reporting period.

| Particulars | For the year ended 31st March 2022 | | For the year ended 31st March 2021 | |
|---|------------------------------------|-----------------|------------------------------------|-----------------|
| | 100 bp increase | 100 bp decrease | 100 bp increase | 100 bp decrease |
| On account of Variable Rate on Loans | 429.49 | (429.49) | 325.37 | (325.37) |
| On account of Variable Rate on borrowings | (650.76) | 650.76 | (343.26) | 343.26 |
| Net impact on profitability | (221.27) | 221.27 | -17.88 | 17.88 |

(ii) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customer. The Company establishes an allowance for doubtful debts, impairment and expected credit loss that represents its estimate an allowance for doubtful debts, impairment and expected credit loss that represents its estimate on expected credit loss.

A. Trade receivables

The Company's exposure to credit risks influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry has an influence on credit risk assessment. Credit risk managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. However, the company does not expect any losses from non-performance by these counter-parties apart from those already given in financials, and does not have any significant concentration of exposures.

B. Cash and cash equivalents

The Company holds cash and cash equivalents with creditworthy banks of ₹22.51 thousands. The credit worthiness of such banks is evaluated by the management on an on-going basis and is considered to be good.

(iii) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company has been taking measures to ensure that the Company's cash flow from business borrowing is sufficient to meet the cash requirements for the Company's operations. The Company managing its liquidity needs by monitoring forecasted cash inflows and outflows in day to day business. Liquidity needs are monitored on various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30 day projections. Net cash requirements are compared to available working capital facilities in order to determine head room or any shortfalls. Presently company's objective is to maintain sufficient cash to meet its operational liquidity requirements.

The below table summaries the maturity profile of the Company's financial liability

| Particulars | Carrying amount | Contractual cash outflow | | | | |
|-----------------------------|-----------------|--------------------------|----------------|----------|-----------|-----------|
| | | Total | 1 year or less | 1-2 year | 2-5 years | > 5 years |
| As at 31st March, 2022 | | | | | | |
| Other financial liabilities | 2,013.19 | 2,013.19 | 1,616.17 | 397.02 | 0.00 | 0.00 |
| Other current liabilities | 154,222.45 | 154,222.45 | 154,222.45 | 0.00 | 0.00 | 0.00 |

| Particulars | Carrying amount | Contractual cash outflow | | | | |
|-----------------------------|-----------------|--------------------------|----------------|----------|-----------|-----------|
| | | Total | 1 year or less | 1-2 year | 2-5 years | > 5 years |
| As at 31st March, 2021 | | | | | | |
| Other financial liabilities | 5,384.50 | 5,384.50 | 447.56 | 4,936.94 | 0.00 | 0.00 |
| Other current liabilities | 157,908.23 | 157,908.23 | 157,908.23 | 0.00 | 0.00 | 0.00 |

- 39 The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- 40 There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- 41 The consolidated financial statements were approved for issue by the Board of Directors on 27th day of May, 2022.
- 42 As the consolidated financial statements are prepared for the first time comparative figures will not appear.
- 43 Figures have been rounded off to the nearest thousand of rupees.
- 44 Figures in brackets indicate negative (-) figures.

Signed for the purpose of identification

FOR V.N. PUROHIT & CO.
 Chartered Accountants
 Firm Regn. No. 304040E

O. P. Pareek
 Partner
 Membership No. 014238
 UDIN: 22014238AJTWWX3644



For A F Enterprises Ltd.

Abhishek Singh
 Director & CFO
 DIN: 03603706

For and on behalf of the Board of Directors of
 A F ENTERPRISES LIMITED

For A F Enterprises Ltd.

Santosh Kumar Kushwaha
 Director
 DIN: 02994228

For A F ENTERPRISES LTD.

Company



INDEPENDENT AUDITOR’S REVIEW REPORT ON THE INTERIM UNAUDITED STANDALONE FINANCIAL RESULTS

To,
The Board of Directors,
A F Enterprises Limited
DSM-334, DLF Towers Shivaji Marg,
New Delhi - 110015
CIN: - L18100DL1983PLC016354

We have reviewed the accompanying statement of unaudited standalone financial results of **M/s. A F Enterprises Limited** (the “Company”) for the quarter ended 30th September, 2022 and year to date figures for the period 1st April, 2022 to 30th September (the “Statement”), 2022 being submitted by the Company pursuant to requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This statement which is the responsibility of the Company’s Management has been approved by the Board of Directors has been prepared according to the recognition and measurement principles laid down in Indian Accounting Standard 34 “Interim Financial Reporting” (“Ind AS 34”), prescribed under section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited standalone financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

Emphasis on Matter

We draw your attention to Note 5 to the standalone financial results of the Company mentioning that Regulation 33(3) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 requires that if a listed entity has subsidiaries, it shall, while submitting quarterly standalone financial results also submit quarterly consolidated financial results to stock exchanges. As per information and explanations given to us, the Company could not prepare the quarterly consolidated financial results due to non-availability of financial results of its subsidiary viz., M/s

V.N. PUROHIT & CO.

Chartered Accountants

Aunik IT Solutions Private Limited ("Aunik"). Due to this reason, the Company is publishing and submitting to stock exchanges its quarterly standalone financial results. To ensure complete compliance of Regulation 33(3) SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, it would publish and submit to stock exchanges its quarterly consolidated financial results after the financial results of Aunik is received. Our opinion on standalone financial results of the Company is not modified in respect of abovementioned matters.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

FOR V. N. PUROHIT & CO.
Chartered Accountants
Firm Regn. 304040E

OM PRAKASH PAREEK Digitally signed by
OM PRAKASH PAREEK
Date: 2022.11.14
19:25:14 +05'30'

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238BDCQJL6892
New Delhi, the 14th day of November, 2022

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED ON 30TH SEPTEMBER, 2022 - IND-AS COMPLIANT

| Particulars | (Rupees in Lakh) | | | | | |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------|--------------------------|--|
| | Three Months Ended for | | | Half Year Ended | | Year Ended |
| | CURRENT QUARTER | PREVIOUS QUARTER | CORRESPONDING QUARTER | YEAR TO DATE FIGURES | YEAR TO DATE FIGURES | YEAR TO DATE FIGURES FOR PREVIOUS YEAR |
| | 01.07.2022 to 30.09.2022 (Rs.) | 01.04.2022 to 30.06.2022 (Rs.) | 01.07.2021 to 30.09.2021 (Rs.) | 01.04.2022 to 30.09.2022 | 01.04.2021 to 30.09.2021 | 01.04.2021 to 31.03.2022 (Rs.) |
| | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 Income | | | | | | |
| (a) Revenue from Operations | 69.81 | 208.65 | 102.11 | 278.46 | 279.75 | 2,391.86 |
| (b) Other Income | 91.66 | 385.72 | 1.14 | 477.37 | 87.95 | 241.01 |
| TOTAL INCOME | 161.47 | 594.36 | 103.25 | 755.83 | 367.70 | 2,632.87 |
| 2 Expenses | | | | | | |
| (a) Cost of materials consumed | | | | | | |
| (b) Purchases of Stock-in-Trade | 22.57 | 219.25 | (6.21) | 241.82 | 121.16 | 957.92 |
| (c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 1.39 | 4.07 | 2.89 | 5.46 | 3.37 | 895.12 |
| (d) Operating expense | 6.68 | 47.24 | 42.64 | 53.92 | 89.71 | 5.21 |
| (e) Employee benefits expense | 15.11 | 14.74 | 122.08 | 29.85 | 136.21 | 79.11 |
| (f) Finance Cost | 1.38 | 0.17 | 0.97 | 1.55 | 2.16 | 165.49 |
| (g) Depreciation and amortization expense | 18.77 | 22.34 | 30.54 | 41.11 | 70.03 | 13.52 |
| (h) Other Expenses | (13.78) | 125.48 | 12.51 | 111.70 | 25.38 | 136.01 |
| TOTAL EXPENSES | 52.12 | 433.30 | 205.42 | 485.41 | 448.02 | 2,475.19 |
| 3 Profit/(loss) before exceptional items and tax(1-2) | 109.34 | 161.07 | (102.17) | 270.42 | (80.32) | 157.68 |
| 4 Exceptional Items | - | 130.75 | - | 130.75 | - | - |
| 5 Profit/ (loss) before tax (3-4) | 109.34 | 291.82 | (102.17) | 401.17 | (80.32) | 157.68 |
| 6 Tax Expense | | | | | | |
| (a) Current Tax | (174.63) | 73.66 | (5.50) | (100.97) | - | 48.99 |
| (b) Deferred Tax | (0.45) | 0.20 | 7.18 | -0.25 | (7.18) | 5.08 |
| (c) MAT | - | - | - | - | - | - |
| Total tax expense | (175.08) | 73.86 | 1.68 | (101.22) | (7.18) | 54.07 |
| 7 Profit after tax (5-6) | 284.42 | 217.96 | (103.85) | 299.95 | (87.49) | 103.60 |
| 8 Other Comprehensive Income | | | | | | |
| (a) (i) Items that will not be reclassified to profit or loss | - | - | - | - | - | 0.73 |
| (ii) Income tax related to items that will not be reclassified to profit or loss | - | - | - | - | - | (0.18) |
| (b) (i) Items that will be reclassified to profit or loss | - | - | - | - | - | - |
| (ii) Income tax related to items that will be reclassified to profit or loss | - | - | - | - | - | - |
| Total other comprehensive income, net of tax | - | - | - | - | - | - |
| 9 Total comprehensive income for the year (7+8) | 284.42 | 217.96 | (103.85) | 299.95 | (87.49) | 104.15 |
| 10 Pad up equity share capital (face value of Rs. 10) | | | | | | |
| | 1,291.36 | 1,291.36 | 951.36 | 1,291.36 | 951.36 | 1,291.36 |
| 11 Reserve excluding Revaluation Reserves as per Balance sheet of Previous Accounting year | 67.91 | 553.42 | 124.27 | 67.91 | 124.27 | 123.27 |
| 12 Earning per share (not annualised) | | | | | | |
| Basic (in Rs.) | 2.20 | 1.69 | (1.09) | 2.32 | (0.87) | 0.96 |
| Diluted (in Rs.) | 2.20 | 1.69 | (0.07) | 2.32 | (0.62) | 0.87 |

For A F Enterprises Ltd.



Director

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E-mail : admin@ridh.in
Web.: www.afenterprisesltd.in

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E-mail: info@ridh.in
Web.: www.ridh.in



AF ENTERPRISES LTD.

AF ENTERPRISES LTD.

CIN No.: L18100DL1983PLC016354

AN ISO 9001:2015 Certified Co.

Mfrs. of Plastic Moulded Components

Notes:

- 1 The above unaudited financial results for the quarter ended 30th September, 2022 has been reviewed by the Audit Committee and then approved by the Board of Directors at their meeting held on November 14, 2022.
- 2 The above results have been prepared in compliance with the recognition and measurement principles of the Companies (India Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards Amendment) Rules, 2016 prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- 3 Figures for the previous period have been regrouped wherever considered necessary so as to conform to the classification of the current period.
- 4 The format for above results as prescribed in SEBI's circular CIR/SFD/CMS/15/2015 dated 30th November, 2015 has been modified to comply with requirements of SEBI's circular dated 5th July, 2016, Ind AS and Schedule III (Division-II) to the companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- 5 Company could not prepare the quarterly consolidated financial results due to non-availability of financial results of its subsidiary viz., M/s Aunik IT Solutions Private Limited ("Aunik"). Due to this reason, the Company is publishing and submitting to stock exchanges its quarterly standalone financial results & only Standalone financial result have been prepared and submitted to the auditor for their limited review.
- 6 The Company has received the funds of Rs. 12,62,50,000.00 as a subscription money of 50 lakh warrants dated 12th July, 2022 Funds utilisation table is as under:-

| Utilisation Table | | |
|-------------------|---------------------------|------------------------|
| S.NO | Particulars | Amount |
| 1 | Creditors Payment | 12,47,26,335.50 |
| 2 | General Corporate Expense | 15,23,664.50 |
| | Total | 12,62,50,000.00 |

- 6 These Results are also updated on the company's website URL: www.afenterprisesltd.in

For and on behalf of board of directors of
AF Enterprises Limited

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228

Date: 14th November, 2022
Place: Delhi

Director

Silver Jubilee
+ YEARS
Since 1983

Regd. Office :

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Shivaji Marg, Najafgarh Road,
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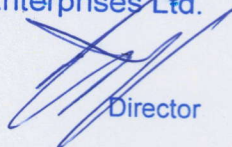
Standalone Statement of Assets and Liabilities as at 30th September 2022

| Particulars | (Rupees in Lakh) | |
|---|-------------------------------|-----------------------------|
| | As at 30.09.2022 Unaudited | As at 31.03.2022 Audited |
| ASSETS | | |
| Non-Current Assets | | |
| (a) Property, plant and equipments | 370.34 | 398.52 |
| (b) Intangible assets | - | - |
| (c) Financial assets | - | - |
| (i) Investments | 95.27 | 95.27 |
| (ii) Loans | 254.74 | 407.12 |
| (d) Deferred tax assets | - | - |
| (e) Other non-current assets | 29.63 | 14.39 |
| Total Non-Current Assets | 749.98 | 915.30 |
| Current Assets | | |
| (a) Inventories | 293.91 | 397.69 |
| (b) Financial assets | - | - |
| (i) Investments | - | - |
| (ii) Trade receivables | 8,737.35 | 8,535.76 |
| (iii) Cash and cash equivalents | 37.79 | 110.06 |
| (iv) Bank balances other than (iii) above | - | - |
| (v) Loans | - | 22.19 |
| (vi) Other financial assets | - | - |
| (c) Other current assets | 1,053.41 | 1,585.81 |
| (d) Current tax assets | - | - |
| Total Current Assets | 10,122.46 | 10,651.52 |
| TOTAL ASSETS | 10,872.44 | 11,566.81 |
| EQUITIES AND LIABILITIES | | |
| EQUITY | | |
| (a) Equity share capital | 1,291.36 | 1,291.36 |
| (b) Reserves & surplus | 2,115.88 | 553.42 |
| Total Shareholder's Funds | 3,407.24 | 1,844.79 |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 506.28 | 470.76 |
| (ii) Other financial liabilities | - | 3.97 |
| (b) Deferred tax liabilities (net) | 28.74 | 28.49 |
| (c) Provisions | 2.19 | 2.19 |
| Total Non-Current Liabilities | 537.21 | 505.42 |
| Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Trade payables | 5,761.40 | 7,617.79 |
| (ii) Other financial liabilities | - | 13.04 |
| (b) Other current liabilities | 1,019.88 | 1,539.78 |
| (c) Current tax liability | 146.70 | 45.99 |
| (d) Provisions | 0.01 | 0.01 |
| Total Current Liabilities | 6,927.99 | 9,216.61 |
| TOTAL EQUITIES AND LIABILITIES | 10,872.44 | 11,566.81 |

For and on behalf of Board of Directors
AF ENTERPRISES LIMITED

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228



Director

Date: 14th November, 2022
Place: New Delhi

Regd. Office :

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Tollfree : 1800120001199
E-mail: info@ridh.in
Web.: www.ridh.in



AF ENTERPRISES LTD.

Disclosure of standalone unaudited statement of cash flow as per Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015 for the half year ended on 30th September, 2022

| | (Rupees in Lakh) | |
|---|--|--|
| | For the year ended on 30th September 2022 | For the year ended on 31st March 2022 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/ (loss) before tax and after extra- ordinary items | 270.42 | 157.67 |
| Adjustments for items: - | | |
| Derecognition of financial assets | - | - |
| Bad Debt | - | - |
| Loss on sale of property, plant & equipment | - | (4.38) |
| Interest paid | 1.55 | 13.52 |
| Interest received | - | - |
| Provision for Gratuity | - | 1.15 |
| Depreciation on Property, plant & equipment | 41.11 | 136.01 |
| Operating Profit before working capital changes | 443.83 | 303.98 |
| Working capital adjustments: - | | |
| (Increase)/ decrease in trade receivables | (201.58) | 255.75 |
| (Increase)/ decrease in Inventories | 103.78 | (297.30) |
| (Increase)/ decrease in Other financial assets | - | - |
| (Increase)/ decrease in Other assets | (15.24) | (12.61) |
| (Increase)/ decrease in loan | - | - |
| Increase/ (decrease) in Current Assets | 532.40 | (1,033.60) |
| Increase/ (decrease) in Trade payables | (1,863.06) | 17.43 |
| (Increase)/ decrease in Other financial Liabilities | (16.16) | (36.83) |
| Increase/ (decrease) in current liabilities | (513.24) | (12.07) |
| Cash generated from operations | (1,529.27) | (815.24) |
| Direct taxes paid | (0.25) | (33.72) |
| Net cash flow from operating activities (A) | (1,529.52) | (848.96) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ (Purchase) of Property, plant & equipment | (12.94) | 16.82 |
| Acquisition of subsidiary | - | - |
| Lessée liability | (3.97) | - |
| Loans (given)/recovered | 174.57 | (104.38) |
| Security Deposit given | - | - |
| Interest received | - | - |
| Net cash flow from investing activities (B) | 157.66 | (87.56) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Issue of equity capital | - | 612.00 |
| Proceeds From Issue of equity warrant | 1,262.50 | 54.00 |
| Interest paid | (1.55) | (13.52) |
| Net proceeds from borrowings | 38.64 | 212.33 |
| Net cash flow from financing activities (C) | 1,299.59 | 864.81 |
| Net cash flow during the year (A + B + C) | (72.27) | (71.71) |
| Add: Opening cash and cash equivalents | 110.06 | 181.77 |
| Closing cash and cash equivalents | 37.79 | 110.06 |
| Components of cash and cash equivalents | | |
| Cash on hand | 34.77 | 35.55 |
| Balances with banks in current accounts | 3.02 | 74.51 |
| Total cash and cash equivalent | 37.79 | 110.06 |

For and on behalf of Board of Directors
AF ENTERPRISES LIMITED

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228

Director

Date: 14th November, 2022
Place: New Delhi

Regd. Office :

DSM-334, DLF Tower
Shivaji Marg, Najafgarh Road,
Moti Nagar, New Delhi-110015
Tel.: +91 7065219999
Tollfree : 1800120001199
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Factory:

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AF ENTERPRISES LTD.

CIN No.: L18100DL1983PLC016354

AN ISO 9001:2015 Certified Co.

Mfrs. of Plastic Moulded Components

STANDALONE SEGMENT WISE RESULTS AS PER CLAUSE 33 OF THE LISTING REGULATIONS ARE AS FOLLOWS:

(Rupees in Lakh)

| Particulars | Quarter ended | | | Half year ended | | Year ended |
|--|----------------------|------------------|----------------------|----------------------|----------------------|------------------|
| | September 30th, 2022 | June 30th, 2022 | September 30th, 2021 | September 30th, 2022 | September 30th, 2021 | 31st March 2022 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1. Segment Revenue | | | | | | |
| a) Trading in Shares | - | - | 2.87 | - | 2.87 | 2.87 |
| b) Trading in Rough Emerald | - | - | - | - | - | 1,019.64 |
| c) Trading in Fabrics | - | - | - | - | - | - |
| d) Trading in Glasses | - | - | - | - | - | - |
| e) Trading in Plastic Moulded Components | 69.81 | 208.65 | 99.25 | 278.46 | 276.79 | 1,369.35 |
| f) Unallocable | 91.65 | 385.72 | (86.81) | 477.37 | - | - |
| Total | 161.46 | 594.36 | 15.31 | 755.83 | 279.66 | 2,391.86 |
| Less: Inter Segment Revenue | - | - | - | - | - | - |
| Net Sales/Income From Operations | 161.46 | 594.36 | 15.31 | 755.83 | 279.66 | 2,391.86 |
| 2. Segment Results | | | | | | |
| Profit before Interest & Tax | | | | | | |
| a) Trading in Shares | 5.46 | - | (0.02) | 5.46 | (0.50) | (7.95) |
| b) Trading in Rough Emerald | - | - | - | - | - | 134.18 |
| c) Trading in Fabrics | - | - | - | - | - | - |
| d) Trading in Glasses | - | - | - | - | - | - |
| e) Trading in Plastic Moulded Components | 47.24 | (10.60) | 62.82 | 36.64 | 66.02 | 183.75 |
| f) Unallocable | - | - | - | - | - | - |
| TOTAL | 52.70 | (10.60) | 62.80 | 42.10 | 65.52 | 309.98 |
| Add/(Less): | | | | | | |
| a) Interest | (1.38) | (0.17) | (0.97) | (1.55) | (2.16) | (13.52) |
| b) Un-allocable expenditure net off un-allocable income & other comprehensive income | 58.03 | 302.59 | (164.00) | 360.62 | (143.68) | (138.79) |
| Total Profit before Tax | 109.35 | 291.82 | (102.17) | 401.17 | (80.32) | 157.67 |
| 3. Capital employed (Segment Assets-Segment Liabilities) | | | | | | |
| Segment Assets | | | | | | |
| a) Trading in Shares | 391.01 | - | 384.56 | 391.01 | 384.56 | 16.77 |
| b) Trading in Rough Emerald | 110.78 | - | 1,624.18 | 110.78 | 1,624.18 | - |
| c) Trading in Fabrics | 2,344.83 | - | 1,310.76 | 2,344.83 | 1,310.76 | 2,283.60 |
| d) Trading in Glasses | - | - | - | - | - | - |
| e) Trading in Plastic Moulded Material | 6,114.49 | 5,663.80 | 5,226.78 | 6,114.49 | 5,226.78 | 6,238.88 |
| f) Unallocable | 1,911.34 | 4,597.39 | (192.88) | 1,911.34 | (192.88) | 3,027.56 |
| Total | 10,872.45 | 10,261.19 | 8,353.40 | 10,872.45 | 8,353.40 | 11,566.81 |
| Segment Liabilities | | | | | | |
| a) Trading in Shares | 82.44 | - | 442.14 | 82.44 | 442.14 | 16.96 |
| b) Trading in Rough Emerald | 1,752.29 | - | 1,360.11 | 1,752.29 | 1,360.11 | 958.92 |
| c) Trading in Fabrics | 2,442.57 | 0.63 | 2,383.23 | 2,442.57 | 2,383.23 | 2,540.60 |
| d) Trading in Glasses | - | - | - | - | - | - |
| e) Trading in Plastic Moulded Material | 3,792.16 | 3,775.54 | 1,030.09 | 3,792.16 | 1,030.09 | 4,282.50 |
| f) Unallocable | (632.99) | 4,422.04 | 3,017.78 | (632.99) | 3,017.78 | 1,923.04 |
| Total | 7,436.47 | 8,198.22 | 8,233.35 | 7,436.46 | 8,233.35 | 9,722.03 |
| Capital Employed | | | | | | |
| a) Trading in Shares | 308.57 | - | (57.58) | 308.57 | (57.58) | (0.19) |
| b) Trading in Rough Emerald | (1,641.51) | - | 264.07 | (1,641.52) | 264.07 | (958.92) |
| c) Trading in Fabrics | (97.74) | (0.63) | (1,072.47) | (97.74) | (1,072.47) | (257.00) |
| d) Trading in Glasses | - | - | - | - | - | - |
| e) Trading in Plastic Moulded Material | 2,322.33 | 1,888.26 | 4,196.69 | 2,322.33 | 4,196.69 | 1,956.38 |
| f) Unallocable | 2,544.33 | 175.34 | (3,210.66) | 2,544.33 | (3,210.66) | 1,104.52 |
| Total | 3,435.98 | 2,062.97 | 120.05 | 3,435.98 | 120.05 | 1,844.79 |

For and on behalf of board of directors of
AF Enterprises Limited

For A F Enterprises Ltd

Santosh Kumar Kushawaha
Managing Director
DIN:02994228

Director

Regd. Office :
DSM-3340, 1st Floor, November, 2022
Shivaji Marg, Naraina Road,
Moti Nagar, New Delhi-110015
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V. N. PUROHIT & CO.

CHARTERED ACCOUNTANTS

214, New Delhi House, 2nd Floor,
27, Barakhamba Road,
New Delhi – 110 001
Phone : 011-43596011
Email: vnpdelhi@vnppaudit.com
Website : www.vnppaudit.com

**INDEPENDENT AUDITOR'S REVIEW REPORT ON THE INTERIM UNAUDITED CONSOLIDATED
FINANCIAL RESULTS**

To,
The Board of Directors,
A F Enterprises Limited
DSM-334, DLF Towers Shivaji Marg,
New Delhi - 110015
CIN: - L18100DL1983PLC016354

We have reviewed the accompanying statement of unaudited consolidated financial results of **M/s. A F Enterprises Limited** (the "Company") for the quarter ended 30th September, 2022 and year to date figures for the period 1st April, 2022 to 30th September, 2022 (the "Statement") being submitted by the Company pursuant to requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This statement which is the responsibility of the Company's Management has been approved by the Board of Directors has been prepared according to the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

The Statement includes the result of one subsidiary Company i.e. Aunik IT Solutions Private Limited.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited consolidated financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

V.N. PUROHIT & CO.
Chartered Accountants

The statement includes unaudited financial results and other unaudited financial information in respect of one subsidiary whose financial results and other financial information reflect total revenues of Rs. Nil, total net loss after tax of Rs. 78.26 lakhs and total comprehensive income of Rs. 78.26 lakhs, for the half year ended on 30th September 2022, as considered in the unaudited financial results. The unaudited financial results and other unaudited financial information have been approved and furnished to us by the management. Our conclusion, in so far as it relates to the affairs of this subsidiary, is based solely on the unaudited financial results and other unaudited financial information.

FOR V. N. PUROHIT & CO.
Chartered Accountants
Firm Regn. 304040E

OM PRAKASH PAREEK
PAREEK

Digitally signed by OM
PRAKASH PAREEK
Date: 2022.12.03
18:13:43 +05'30'

O. P. Pareek
Partner
Membership No. 014238
UDIN: 22014238BEUAVT9921

New Delhi, the 3rd day of December, 2022



AF ENTERPRISES LTD.

AF ENTERPRISES LTD.

CIN No.: L18100DL1983PLC016354

AN ISO 9001:2015 Certified Co.

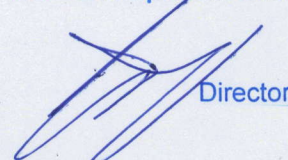
Mfrs. of Plastic Moulded Components

A F ENTERPRISES LIMITED
CIN NO. L18100DL1983PLC016354
Address: DSM-334, DLF Towers Shivaji Marg, Central Delhi-110015, India
Email ID: info.afenterprises@gmail.com

Statement of Unaudited Consolidated Financial Result for the quarter and half year ended on 30th September, 2022

| S. No. | Particulars | Quarter ended | | | Half Year Ended On | |
|--------|---|---------------------|----------------|---------------------|---------------------|-----------------|
| | | 30th September 2022 | 30th June 2022 | 30th September 2022 | 30th September 2022 | 31st March 2022 |
| | | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Audited) |
| 1 | Income | | | | | |
| (a) | Revenue From Operations | 69.81 | 208.65 | 102.11 | 278.46 | 4,857.54 |
| (b) | Other Income | 91.66 | 385.73 | 1.14 | 477.39 | 243.02 |
| | Total Income | 161.47 | 594.37 | 103.25 | 755.84 | 5,100.56 |
| 2 | EXPENSES | | | | | |
| (a) | Cost of materials consumed | 22.57 | 219.25 | (6.21) | 241.82 | 957.92 |
| (b) | Operating expenses | 6.68 | 47.24 | 42.64 | 53.92 | 79.11 |
| (c) | Purchases of Stock-in-Trade | - | - | 0.44 | - | 3,243.89 |
| (d) | Changes in inventories of finished goods, Stock-in-Trade and work-in-progress | 1.39 | 4.07 | 2.89 | 5.46 | 4.71 |
| (e) | Employee benefits expense | 48.45 | 28.36 | 134.33 | 76.81 | 215.58 |
| (f) | Finance Cost | 1.38 | 0.17 | 4.25 | 1.55 | 15.94 |
| (g) | Depreciation and amortization expense | 19.46 | 23.02 | 31.25 | 42.48 | 138.74 |
| (h) | Other expenses | (1.99) | 143.64 | 24.82 | 141.65 | 279.40 |
| | Total expenses | 97.94 | 465.75 | 234.41 | 563.69 | 4,935.29 |
| 3 | Profit/(loss) before exceptional items and tax (1-2) | 63.54 | 128.62 | (131.16) | 192.16 | 165.27 |
| 4 | Exceptional Items | - | 130.75 | - | 130.75 | - |
| 5 | Profit/(loss) before tax (3-4) | 63.54 | 259.37 | (131.15) | 322.91 | 165.27 |
| 6 | Tax expense: | | | | | |
| (a) | Current tax | (27.31) | (73.66) | (1.15) | (100.97) | 48.11 |
| (b) | MAT | - | - | - | - | 0.41 |
| (c) | Deferred tax | (0.05) | (0.20) | 7.18 | (0.25) | 5.08 |
| | Total expense tax | (27.35) | (73.86) | 6.04 | (101.21) | 53.60 |
| 7 | Profit after tax (5-6) | 36.19 | 185.50 | (137.19) | 221.69 | 111.67 |
| 8 | Other Comprehensive Income | | | | | |
| (a) | (i) Items that will not be reclassified to profit or loss | - | - | - | - | 0.73 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | - | - | - | - | (0.18) |
| (b) | (i) Items that will be reclassified to profit or loss | - | - | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | - | - | - | - | - |
| | Total Comprehensive income, net of tax | - | - | - | - | 0.55 |
| 9 | Total comprehensive income for the year (7+8) | 36.19 | 185.50 | (137.19) | 221.69 | 112.22 |
| | Net profit attributable to: | | | | | |
| (a) | Owners of the Company | 38.36 | 187.04 | (130.70) | 225.40 | 111.41 |
| (b) | Non-Controlling Interest | (2.16) | (1.54) | (6.49) | (3.70) | 0.26 |
| | Other comprehensive income attributable to: | | | | | |
| (a) | Owners of the Company | - | - | - | - | 0.55 |
| (b) | Non-Controlling Interest | - | - | - | - | - |
| | Total comprehensive income attributable to: | | | | | |
| (a) | Owners of the Company | 38.36 | 187.04 | 3.26 | 225.40 | 111.96 |
| (b) | Non-Controlling Interest | (2.16) | (1.54) | 0.16 | (3.70) | 0.26 |
| 10 | Paid up equity share capital (face value of Rs. 10) | 1,291.36 | 1,291.36 | 1,011.36 | 1,291.36 | 1,291.36 |
| 11 | Reserve excluding Revaluation Reserves as per Balance Sheet of Previous Accounting Year | 561.23 | 561.23 | 124.27 | 561.23 | 124.27 |
| 12 | Earnings per equity share for the period (not annualised)- for continuing operation: | | | | | |
| (1) | Basic (Rs.) | 0.28 | 1.41 | (1.36) | 1.72 | 1.04 |
| (2) | Diluted (Rs.) | 0.19 | 1.31 | (0.97) | 1.16 | 0.93 |
| XVII | Earnings per equity share (for discontinued operation): | | | | | |
| (1) | Basic | - | - | - | - | - |
| (2) | Diluted | - | - | - | - | - |
| XVIII | Earnings per equity share (for discontinued & continuing operations) | | | | | |
| (1) | Basic | 0.28 | 1.44 | -1.36 | 1.72 | 1.04 |
| (2) | Diluted | 0.19 | 1.31 | -0.97 | 1.16 | 0.93 |

AF Enterprises Ltd.


Director

Regd. Office :

DSM-334, DLF Tower
Shivaji Marg, Najafgarh Road,
Moti Nagar, New Delhi-110015

Tel.: +91 7065219999

Tollfree : 1800120001199

Factory:

Plot No. 8, Sector-5,
Main Mathura Road, Faridabad
Haryana-121006 INDIA

Tel.: +91 8744998855

Tollfree : 1800120001199



AF ENTERPRISES LTD.

Notes :

- (1) The above audited consolidated financial results for quarter ended 30th September 2022, has been reviewed by the Audit Committee and then approved by the Board of Directors at their meeting held on .
- (2) The above results have been prepared in compliance with the recognition and measurement principles of the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards Amendment) Rules, 2016 prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies to the extent applicable.
- (3) Figures for the previous period have been regrouped wherever considered necessary so as to conform to the classification of the current period.
- (4) The format for above results as prescribed in SEBI's circular CIR/SFD/CMS/15/2015 dated 30th November, 2015 has been modified to comply with requirements of SEBI's circular dated 5th July, 2016, Ind AS and Schedule III (Division-II) to the companies Act, 2013 applicable to companies that are required to comply with Ind AS.
- (5) Exceptional item for Rs. 130.75 Lakhs is related to remission of liability against previous year's business promotion & advertisement expenditure. Vendors has settled & issued credit note during the year ended 30th Sept,22 . The effect of adjustments has an effect of Increase in earning per share (EPS) (Basic & Diluted) for the year ended on 31st Sept, 2022 by Rs. 0.68 per share
- (6) The Company has received the funds of Rs 12,62,50,000 as a subscription money of 50 lakh warrants dated 12th July,2022 Funds utilisation tab

| Utilisation Table | | |
|-------------------|---------------------------|-----------------|
| S.No | Particulars | Amount |
| 1 | Creditors Payment | 12,47,26,335.50 |
| 2 | General Corporate Expense | 15,23,664.50 |
| Total | | 12,62,50,000.00 |

- (7) These Consolidated Results are also updated on the company's website URL: www.afenterprisesltd.in

For and on behalf of Board of Directors
AF ENTERPRISES LIMITED

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228
Faridabad
Date: 3rd December 2022

For A F Enterprises Ltd,

Director

AF ENTERPRISES LTD.

CIN No.: L18100DL1983PLC016354

AN ISO 9001:2015 Certified Co.

Mfrs. of Plastic Moulded Components



Regd. Office :

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Shivaji Marg, Najafgarh Road,
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Tollfree : 1800120001199

Factory:

Plot No. 8, Sector-5,
Main Mathura Road, Faridabad
Haryana-121006 INDIA **F75**

Tel.: +91 8744998855

Tollfree : 1800120001199



AF ENTERPRISES LTD.

CIN No.: L18100DL1983PLC016354

Consolidated Statement of Assets and Liabilities as at 30th September 2022

AN ISO 9001:2015 Certified Co.

(Rupees in Lakhs) *Mfrs. of Plastic Moulded Components*

AF ENTERPRISES LTD.

| Particulars | As at 30.09.2022 Unaudited | As at 31.03.2022 Audited |
|---|-------------------------------|-----------------------------|
| ASSETS | | |
| Non-Current Assets | | |
| (a) Property, plant and equipments | 373.94 | 403.49 |
| (b) Goodwill | 165.67 | 165.67 |
| (c) Financial assets | - | - |
| (i) Investments | - | - |
| (ii) Loans | 254.74 | 407.12 |
| (e) Deffered tax assets | - | - |
| (d) Other non-current assets | 29.63 | 14.66 |
| Total Non-Current Assets | 823.98 | 990.94 |
| Current Assets | | |
| (a) Inventories | 294.41 | 398.19 |
| (b) Financial assets | - | - |
| (i) Investments | - | - |
| (ii) Trade receivables | 11,080.44 | 11,256.42 |
| (iii) Cash and cash equivalents | 118.15 | 117.15 |
| (iv) Bank balances other than (iii) above | - | - |
| (iv) Loans | - | 22.37 |
| (v) Other financial assets | - | - |
| (c) Other current assets | 1,061.39 | 1,589.28 |
| (d) Current tax assets | - | - |
| Total Current Assets | 12,554.38 | 13,383.41 |
| TOTAL ASSETS | 13,378.37 | 14,374.34 |
| EQUITIES AND LIABILITIES | | |
| EQUITY | | |
| (a) Equity share capital | 1,291.36 | 1,291.36 |
| (b) Reserves & surplus | 2,046.51 | 561.23 |
| Total Shareholder's Funds | 3,337.87 | 1,852.59 |
| Non- Controlling Interest | -6.93 | (3.23) |
| LIABILITIES | | |
| Non-Current Liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | 753.28 | 653.88 |
| (ii) Other financial liabilities | - | 3.97 |
| (b) Deferred tax liabilities (net) | 26.73 | 26.48 |
| (c) Long term provisions | 7.29 | 7.29 |
| (d) Non controlling assets | - | - |
| (e) Provisions | - | - |
| Total Non-Current Liabilities | 780.36 | 688.39 |
| Current liabilities | | |
| (a) Financial liabilities | | |
| (i) Borrowings | - | - |
| (i) Trade payables | 8,069.03 | 10,228.05 |
| (ii) Other financial liabilities | - | 13.04 |
| (b) Other current liabilities | 1,044.65 | 1,548.89 |
| (c) Short term provisions | 0.02 | 0.01 |
| (d) Current tax liability | 146.43 | 43.37 |
| Total Current Liabilities | 9,260.14 | 11,833.36 |
| TOTAL EQUITIES AND LIABILITIES | 13,378.37 | 14,374.34 |

For and on behalf of Board of Directors
AF ENTERPRISES LIMITED

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228


Director

Place: Faridabad
Date: 3rd December 2022

Regd. Office :

DSM-334, DLF Tower
Shivaji Marg, Najafgarh Road,
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AF ENTERPRISES LTD.

CIN No.: L18100DL1983PLC016354

AN ISO 9001:2015 Certified Co.

Mfrs. of Plastic Moulded Components

AF ENTERPRISES LTD.

Disclosed as Consolidated unaudited statement of cash flow as per Regulation 33 of the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015 for the half year ended on 30th September, 2022

(Rupees in Lakhs)

| | For the year ended on 30th September 2022 | For the year ended on 30th September 2021 |
|---|--|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net profit/ (loss) before tax and after extra- ordinary items | 192.16 | (126.59) |
| Adjustments for items: - | 130.75 | - |
| Derecognition of financial assets | - | - |
| Bad Debt | - | 108.00 |
| Loss on sale of property, plant & equipment | - | - |
| Interest paid | 1.55 | 2.16 |
| Interest paid on advance tax | - | - |
| Interest received | - | - |
| Depreciation on Property, plant & equipment | 42.48 | 71.45 |
| Provision for gratuity | - | - |
| Operating Profit before working capital changes | 366.93 | 55.02 |
| Working capital adjustments: - | | |
| (Increase)/ decrease in trade receivables | 175.98 | 385.88 |
| (Increase)/ decrease in Inventories | 103.78 | (56.63) |
| (Increase)/ decrease in Other financial assets | - | - |
| (Increase)/ decrease in Other non- current assets | (14.97) | (29.31) |
| Increase/ (decrease) in other current Assets | 527.89 | - |
| Increase/ (decrease) in Trade payables | (2,159.02) | (671.32) |
| (Increase)/ decrease in Other current Liabilities | (504.24) | (53.75) |
| (Increase)/ decrease in Other financial Liabilities | (13.04) | 22.80 |
| Cash generated from operations | (1,516.68) | (347.31) |
| Direct taxes paid | (0.51) | 2.15 |
| Net cash flow from operating activities (A) | (1,517.19) | (345.16) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Sale/ (Purchase) of Property, plant & equipment | (12.94) | (1.26) |
| Lease liability | (3.97) | (22.19) |
| Loans (given)/recovered | 174.75 | (40.75) |
| Security Deposit given | - | (9.77) |
| Net cash flow from investing activities (B) | 157.84 | (73.97) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds From Issue of equity Share Capital | - | 180.00 |
| Proceeds From Issue of equity Share Warrants | 1,262.50 | - |
| Interest paid | (1.55) | (2.16) |
| Net proceeds from borrowings | 99.40 | 92.61 |
| Net cash flow from financing activities (C) | 1,360.35 | 270.45 |
| Net cash flow during the year (A + B + C) | 1.00 | (148.66) |
| Add: Opening cash and cash equivalents | 117.15 | 183.37 |
| Closing cash and cash equivalents | 118.15 | 34.71 |
| Components of cash and cash equivalents | | |
| Cash on hand | 36.37 | 25.49 |
| Balances with banks in current accounts | 81.78 | 9.22 |
| Total cash and cash equivalents | 118.15 | 34.71 |

For and on behalf of Board of Directors
A F ENTERPRISES LIMITED

For A F Enterprises Ltd.

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228


Director

Place: Faridabad
Date: 3rd December 2022

Regd. Office :
DSM-334, DLF Tower
Shivaji Marg, Najafgarh Road,
Moti Nagar, New Delhi-110015
Tel.: +91 7065219999

Factory:
Plot No. 8, Sector-5,
Main Mathura Road, Faridabad,
Haryana-121006 INDIA
Tel.: +91 8744998855



AF ENTERPRISES LTD.

CIN No.: L18100DL1983PLC016354

CONDENSED SEGMENT WISE RESULTS AS PER CLAUSE 33 OF THE LISTING REGULATIONS ARE AS FOLLOWS:

(Rupiah) AN ISO 9001:2015 Certified Co.

AF ENTERPRISES LTD.

| | Quarter ended 30th September 2022 (Unaudited) | Quarter ended 30th June 2022 (Unaudited) | Quarter ended 30th September 2021 (Unaudited) | Half Year ended On 30th September 2022 (Unaudited) | Year ended 31st March 2022 (Audited) |
|--|---|--|---|--|--|
| 1. Segment Revenue | | | | 2.87 | 2.87 |
| a) Trading in shares | - | - | - | - | 1,019.64 |
| b) Trading in rough emerald | - | - | - | - | - |
| c) Trading in fabrics | - | - | - | - | - |
| d) Trading in glasses | - | - | - | - | - |
| e) Trading in Plastic Moulded Components | 69.82 | 208.65 | 99.25 | 278.47 | 1,369.35 |
| f) Software services | (0.01) | 0.01 | - | 477.37 | 2,465.68 |
| g) Unallocable | 91.66 | 385.72 | 1.14 | 755.84 | 4,857.54 |
| Total | 161.47 | 594.37 | 103.25 | 755.84 | 4,857.54 |
| Less: Inter segment revenue | | | | | |
| Net Sales/ Income from Operations | 161.47 | 594.37 | 103.25 | 755.84 | 4,857.54 |
| 2. Segment Results | | | | | |
| Profit before Interest & Tax | 5.46 | - | (0.02) | 5.46 | (7.95) |
| a) Trading in shares | - | - | - | - | 134.18 |
| b) Trading in rough emerald | - | - | - | - | - |
| c) Trading in fabrics | - | - | - | - | - |
| d) Trading in glasses | - | - | - | - | - |
| e) Trading in Plastic Moulded Components | 47.24 | (10.60) | 62.82 | 36.64 | 183.75 |
| f) Software services | 32.45 | (32.45) | - | - | 7.60 |
| g) Unallocable | 85.15 | (43.04) | 62.80 | 42.10 | 317.59 |
| TOTAL | (1.38) | (0.17) | 0.97 | (1.55) | (15.94) |
| Add/(Less): | | | | | |
| a) Finance Cost | (1.38) | (0.17) | 0.97 | (1.55) | (15.94) |
| b) Un-allocable expenditure net off un-allocable income & other comprehensive income | (20.23) | 302.59 | (139.32) | 282.36 | (136.38) |
| Total Profit before Tax | 63.54 | 259.37 | (138.34) | 322.91 | 165.27 |
| 3. Capital employed (Segment Assets-Segment Liabilities) | | | | | |
| Segment Assets | | | | 384.56 | 391.01 |
| a) Trading in shares | 391.01 | - | - | 1,624.18 | 110.78 |
| b) Trading in rough emerald | 110.78 | - | - | 1,310.76 | 2,344.83 |
| c) Trading in fabrics | 2,344.83 | - | - | - | - |
| d) Trading in glasses | 0.00 | - | - | - | - |
| e) Trading in Plastic Moulded Components | 6,114.49 | 5,663.80 | 5,226.78 | 6,114.49 | 4,282.50 |
| f) Software services | 2,343.59 | 2,355.98 | - | 2,343.59 | 2,737.13 |
| g) Unallocable | 2,073.67 | 4,673.84 | 3,578.69 | 2,073.67 | 3,838.22 |
| Total | 13,378.37 | 12,693.61 | 12,124.97 | 13,378.37 | 14,374.34 |
| Segment Liabilities | | | | 442.14 | 82.44 |
| a) Trading in Shares | 82.44 | - | - | 1,360.11 | 1,752.29 |
| b) Trading in rough emerald | 1,752.29 | 0.63 | - | 2,383.23 | 2,442.57 |
| c) Trading in fabrics | 2,442.57 | - | - | - | - |
| d) Trading in glasses | - | - | - | - | - |
| e) Trading in Plastic Moulded Components | 3,792.16 | 3,775.54 | 1,030.09 | 3,792.16 | 1,956.37 |
| f) Software services | 2,307.63 | 2,456.87 | - | 2,307.63 | 2,805.57 |
| g) Unallocable | -336.59 | 4,422.04 | 5,652.62 | (336.59) | 8,975.92 |
| Total | 10,040.50 | 10,655.09 | 10,868.20 | 10,040.50 | 12,521.75 |
| Capital Employed | | | | (57.59) | 308.57 |
| a) Trading in shares | 308.57 | - | - | 264.07 | (1,641.51) |
| b) Trading in rough emerald | (1,641.51) | - | - | (1,072.47) | (97.74) |
| c) Trading in fabrics | (97.74) | (0.63) | - | - | - |
| d) Trading in glasses | - | - | - | - | - |
| e) Trading in Plastic Moulded Components | 2,322.33 | 1,888.26 | 4,196.68 | 2,322.33 | 2,326.13 |
| f) Software services | 35.95 | (100.90) | - | 35.95 | (68.44) |
| g) Unallocable | 2,410.26 | 251.79 | (2,073.92) | 2,410.26 | (5,137.70) |
| Total | 3,337.87 | 2,038.52 | 3,330.69 | 3,337.87 | 1,852.59 |

For and on behalf of Board of Directors
AF ENTERPRISES LIMITED

Santosh Kumar Kushawaha
Managing Director
DIN: 02994228
Place: Faridabad
Date: 3rd December 2022

For A F Enterprises Ltd.

Director

Regd. Office :

DSM-334, DLF Tower
Shivaji Marg, Najafgarh Road,
Moti Nagar, New Delhi-110015
Tel.: +91 7065219999

Factory:

Plot No. 8, Sector-5,
Main Mathura Road, Faridabad
Haryana-121006 INDIA
Tel.: +91 8744998855



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

STATEMENT OF ACCOUNTING RATIOS

Accounting Ratios

The following table presents certain accounting and other ratios derived from our audited standalone financial statements included in the section titled “Financial Information” beginning on page 103 of this Draft Letter of Offer.

Accounting Ratios (Standalone)

Amount in Rs. Lakhs

| Particulars | Period ended September 30, 2022 | Year ended March 31, 2022 |
|--|--|--|
| Earnings Per Share | | |
| (a) Basic Earnings Per Share (after extraordinary items) (in Rs.) | 2.32 | 0.96 |
| (b) Diluted Earnings Per Share (after extraordinary items) (In Rs.) | 2.32 | 0.87 |
| Return on Net Worth (after extraordinary items and excluding Revaluation reserves) (%) | 13.99 | 5.62 |
| Net Asset Value / Book Value per Equity Share each | 16.60 | 14.28 |
| Face Value per Equity Share | 10.00 | 10.00 |
| EBITDA (Rs. in Lakhs) | 313.08 | 307.20 |

Accounting Ratios (Consolidated)

Amount in Rs. Lakhs

| Particulars | Period ended September 30, 2022 | Year ended March 31, 2022 |
|--|--|--|
| Earnings Per Share | | |
| (a) Basic Earnings Per Share (after extraordinary items) (in Rs.) | 1.72 | 1.04 |
| (b) Diluted Earnings Per Share (after extraordinary items) (In Rs.) | 1.16 | 0.93 |
| Return on Net Worth (after extraordinary items and excluding Revaluation reserves) (%) | 10.69 | 6.03 |
| Net Asset Value / Book Value per Equity Share each | 16.06 | 14.34 |
| EBITDA (Rs. in Lakhs) | 236.19 | 319.95 |

Capitalization Statement

The statement on our capitalisation is as set out below:



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

Standalone Capitalization statement

(Rs. in Lakhs)

| Particulars | As at September 30, 2022 (Pre-Issue) | As adjusted for proposed Issue |
|---|---|-----------------------------------|
| Borrowings | | |
| Current Borrowings | - | - |
| Non-Current Borrowings (including current maturity) | 506.28 | - |
| Total borrowings (A) | 506.28 | - |
| Total Equity | | |
| Share capital | 1,291.36 | - |
| Reserves and surplus* | 852.60 | - |
| Total Equity (B) | 2143.96 | - |
| | | |
| Non-current Borrowings / Total Equity ratio | 23.61% | - |
| Total borrowings / Total Equity ratio (A/B) | 23.61% | - |

*Excluding other Comprehensive Income.

Consolidated Capitalization statement

(Rs. in Lakhs)

| Particulars | As at September 30, 2022 (Pre-Issue) | As adjusted for proposed Issue |
|---|---|-----------------------------------|
| Borrowings | | |
| Current Borrowings | - | - |
| Non-Current Borrowings (including current maturity) | 753.28 | - |
| Total borrowings (A) | 753.28 | - |
| Total Equity | | |
| Share capital | 1291.36 | - |
| Reserves and surplus* | 782.14 | - |
| Total Equity (B) | 2073.50 | - |
| | | |
| Non-current Borrowings / Total Equity ratio | 36.33% | - |
| Total borrowings / Total Equity ratio (A/B) | 36.33% | - |

*Excluding other Comprehensive Income.



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

MARKET PRICE INFORMATION

The Equity Shares of our Company are listed on the BSE. As our Equity Shares are listed only on the BSE, stock market data for our Equity Shares has been given for BSE.

For the purpose of this section:

- Year is a Financial Year;
- Average price is the average of the daily closing prices of the Equity Shares, for the year, or the month, or the week, as the case may be;
- High price is the maximum of the daily high prices and Low price is the minimum of the daily low prices of the Equity Shares, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

Yearly Stock Market Quotation at BSE

The high, low prices and average of closing prices recorded on the BSE for the preceding three Financial Years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

| Year ended on March 31 | High (in Rs) | Date of High | No. of Shares traded on date of high | Low (in Rs) | Date of Low | No. of Shares traded on date of low | Average price for the year (in Rs.) |
|------------------------|--------------|--------------------------------|--------------------------------------|-------------|-------------------------------|-------------------------------------|-------------------------------------|
| 2022 | 138.9 | 19 th April, 2022 | 1,18,228 | 7.83 | 13 th October,2022 | 12,86,635 | 59.11 |
| 2021 | 124.85 | 30 th March,2022 | 1,28,688 | 14.35 | 14 th July,2021 | 20,683 | 43.11 |
| 2020 | 18.85 | 09 th February,2021 | 21,764 | 6.87 | 21 st October,2020 | 77,668 | 13.85 |
| 2019 | 9.6 | 14 th February,2020 | 26,188 | 1.35 | 15 th October,2019 | 2,700 | 4.19 |

(Source: www.bseindia.com)

Monthly Stock Market Quotation at BSE

The high and low prices and volume of the Equity Shares traded on the respective dates during the last six months is as follows:

| Month | High (in Rs.) | Date of High | No. of Shares traded on date of high | Low (in Rs.) | Date of Low | No. of Shares traded on date of low | Average price for the Month (in Rs.) | Total No of Trading Days |
|-------|---------------|--------------|--------------------------------------|--------------|-------------|-------------------------------------|--------------------------------------|--------------------------|
|-------|---------------|--------------|--------------------------------------|--------------|-------------|-------------------------------------|--------------------------------------|--------------------------|



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

| Month | High (in Rs.) | Date of High | No. of Shares traded on date of high | Low (in Rs.) | Date of Low | No. of Shares traded on date of low | Average price for the Month (in Rs.) | Total No of Trading Days |
|----------------|---------------|---------------------------------|--------------------------------------|--------------|---------------------------------|-------------------------------------|--------------------------------------|--------------------------|
| November,2022 | 16.21 | 02 nd November,2022 | 10,91,992 | 9.71 | 16 th November,2022 | 2,87,608 | 12.39 | 21 |
| October,2022 | 14.71 | 31 st October,2022 | 34,618 | 7.83 | 13 th October,2022 | 12,86,635 | 10.77 | 19 |
| September,2022 | 27.7 | 02 nd September,2022 | 49,031 | 11.75 | 30 th September,2022 | 41,712 | 18.66 | 22 |
| August,2022 | 75 | 01 st August,2022 | 7,786 | 27.75 | 30 th August,2022 | 5,787 | 46.81 | 20 |
| July,2022 | 102.2 | 14 th July,2022 | 1,73,609 | 72.55 | 07 th July,2022 | 48,247 | 83.32 | 21 |
| June,2022 | 116.5 | 01 st June,2022 | 56,754 | 89.9 | 30 th June,2022 | 8,953 | 106.17 | 22 |

(Source: www.bseindia.com).

Weekly Stock Market Quotation at BSE

Week end closing prices of the Equity Shares for the last four weeks on the BSE are as below:

| Week Ended on | Closing Price (In Rs.) | High (in Rs.) | Date of High | Low (in Rs.) | Date of Low |
|---------------------------------|------------------------|---------------|---------------------------------|--------------|---------------------------------|
| 23 rd December, 2022 | 17.90 | 20.44 | 22 nd December, 2022 | 17.50 | 20 th December, 2022 |
| 16 th December, 2022 | 17.55 | 17.64 | 16 th December, 2022 | 12.90 | 14 th December, 2022 |
| 9 th December, 2022 | 13.11 | 13.88 | 8 th December, 2022 | 12.30 | 7 th December, 2022 |
| 2 nd December, 2022 | 12.93 | 13.91 | 1 st December, 2022 | 11.93 | 28 th November, 2022 |

(Source: www.bseindia.com).

The closing price of the Equity Shares as on 28th December, 2022 was Rs. 18.96 on the BSE, the trading day immediately preceding the day on which Board of Directors approved the Issue.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the "Financial Statements" beginning on page 103 of this Draft Letter of Offer.

Some of the information contained in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" beginning on page 25 and 19, respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.

Our financial statements included in this Draft Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for Fiscal 2021 included herein is based on the Audited Financial Statements included in this Draft Letter of Offer. For further information, see "Financial Statements" beginning on page 103 of this Draft Letter of Offer.

Neither we, nor any of our affiliates or advisors, nor any other person connected with the Issue has independently verified such information. For further information, see "Presentation of Financial and other Information" beginning on page 17 of this Draft Letter of Offer.

Business overview

Our Company is engaged in the Trading and production/Manufacturing product range encompassing plastic molded components under the brand name "RIDH". The brand "RIDH" is the hall mark showcasing the entire Product range.

Our Company is engaged in manufacturing and distribution of Plastic Moulded Component. Injection moulding is a formative manufacturing technology, i.e. material is formed from an amorphous shape into a fixed shape defined by a mould tool. Almost every plastic part created today is by injection moulding as it allows identical parts to be created in huge numbers, in a short space of time, and at very low cost per part.

The process works as follows:

- 1) A mould cavity defines the shape of the part.
- 2) Material (melted plastic) is injected under pressure into the cavity.
- 3) When the plastic cools it solidifies to take the form defined by the mould.
- 4) The part is ejected, and the process repeats from step 2.

For further details, refer chapter titled "Our Business" on page 86.



A F ENTERPRISES LIMITED
(CIN- L18100DL1983PLC016354)

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

To the knowledge of our Company and except as disclosed herein, since the date of the last financial statements contained in this Draft Letter of Offer, no other circumstances have arisen which would materially and adversely affect or which would be 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 (twelve) months.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "Risk Factors" beginning on page 25 of this Draft Letter of offer. Our results of operations and financial conditions are affected by numerous factors including the following:

- Our success depends on the value, perception and quality of our product;
- Branding and marketing;
- General economic and business conditions;
- Company's inability to successfully implement its growth and expansion plans;
- Increasing competition in the Industry;
- Changes in technology;
- Any change in the laws and regulations to Industry in which we operate;

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Limited Review Unaudited Standalone and Consolidated Financial Statements and Audited Standalone and Consolidated Financial Statements. For details of our significant accounting policies, please refer chapter titled "Financial Statements" on page 103 of this Draft Letter of Offer.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in chapter titled "Financial Statements" on page 103, There has been no change in accounting policies for the period which has been included in this Draft Letter of Offer.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

For details, please refer chapter titled "Financial Statements" on page 103 of this Draft Letter of Offer.

SUMMARY OF OPERATIONS

The following discussion on result of operations should be read in conjunction with the Unaudited Standalone and consolidated financial statements of our Company for the Six months period ended on September 30, 2022 and financial year ended March 31, 2022.

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's Audited financial statements, in each case stated in absolute terms and as a percentage of total sales and/or total revenue:



A F ENTERPRISES LIMITED

(CIN- L18100DL1983PLC016354)

(Rs. In Lakhs)

| Particulars | For the Six months September, 2022 | | For the Six months September, 2021 | | For the financial year ended 31 st March, 2022 | | For the financial year ended 31 st March, 2021 | |
|--|---------------------------------------|---------------|---------------------------------------|---------------|--|-----------------|--|-----------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Income:- | | | | | | | | |
| Revenue from Operations | 278.46 | 278.46 | 279.75 | 279.75 | 2,391.86 | 4,857.54 | 1,869.37 | 3,770.10 |
| <i>As a % of Total Revenue</i> | 36.84% | 36.84% | 76.08% | 76.06% | 90.85% | 95.24% | 99.43% | 99.72% |
| Other Income | 477.37 | 477.39 | 87.95 | 88.05 | 241.01 | 243.02 | 10.77 | 10.77 |
| <i>As a % of Total Revenue</i> | 63.16% | 63.16% | 23.92% | 23.94% | 9.15% | 4.76% | 0.57% | 0.28% |
| Total Revenue (A) | 755.83 | 755.85 | 367.70 | 367.80 | 2,632.87 | 5,100.56 | 1,880.14 | 3,780.87 |
| Growth % | | | | | | | | |
| Expenditure:- | | | | | | | | |
| Cost of material consumed | 241.82 | 241.82 | 121.16 | 121.16 | 957.91 | 957.91 | 183.53 | 183.52 |
| <i>As a % of Total Revenue</i> | 31.99% | 31.99% | 32.95% | 32.94% | 36.38% | 18.78% | 9.76% | 4.85% |
| Purchase of Stock In Trade | - | 0.00 | - | 0.44 | 3,243.89 | 634.18 | 2,422.92 | 3,243.89 |
| Change In Inventory | 5.46 | 5.46 | 3.37 | 3.37 | 4.71 | 607.63 | 607.67 | 4.71 |
| Operating Cost | 53.92 | 53.92 | 89.71 | 89.71 | 79.11 | 64.31 | 64.31 | 79.11 |
| Employees Benefit Expenses | 29.85 | 76.81 | 136.21 | 160.44 | 165.5 | 215.59 | 46.99 | 86.34 |
| <i>As a % of Total Revenue</i> | 3.95% | 10.16% | 37.04% | 43.62% | 6.29% | 4.23% | 2.50% | 2.28% |
| Depreciation and Amortization Expense | 41.11 | 42.48 | 70.03 | 71.45 | 136.01 | 138.73 | 162.35 | 165.18 |
| <i>As a % of Total Revenue</i> | 5.44% | 5.62% | 19.05% | 19.43% | 5.17% | 2.72% | 8.63% | 4.37% |
| Finance Cost | 1.55 | 1.55 | 2.16 | 5.44 | 13.52 | 15.95 | 8.02 | 8.02 |
| <i>As a % of Total Revenue</i> | 0.21% | 0.21% | 0.59% | 1.48% | 0.51% | 0.31% | 0.43% | 0.21% |
| Other Expenses | 111.7 | 141.65 | 25.38 | 42.37 | 222.80 | 279.4 | 244.03 | 276.54 |
| <i>As a % of Total Revenue</i> | 14.78% | 18.74% | 6.90% | 11.52% | 8.46% | 5.48% | 12.98% | 7.31% |
| Total Expenses (B) | 485.41 | 563.69 | 448.02 | 494.38 | 2,475.19 | 4,935.29 | 1,951.04 | 3,814.50 |



A F ENTERPRISES LIMITED

(CIN- L18100DL1983PLC016354)

| Particulars | For the Six months September, 2022 | | For the Six months September, 2021 | | For the financial year ended 31 st March, 2022 | | For the financial year ended 31 st March, 2021 | |
|--|---------------------------------------|---------------|---------------------------------------|----------------|--|---------------|--|---------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| <i>As a % of Total Revenue</i> | 99.76% | 101.36% | 91.98% | 92.73% | 99.02% | 99.96% | 98.88% | 100.46% |
| Profit before extraordinary items and tax | 270.42 | 192.16 | -80.32 | -126.58 | 157.68 | 165.27 | -70.90 | -33.63 |
| <i>As a % of Total Revenue</i> | 35.78% | 0.05% | 0.97% | 1.05% | 0.98% | 1.02% | 1.12% | 1.00% |
| Extraordinary Items | 130.75 | 130.75 | 0 | 0 | 0 | 0 | 195.00 | 195.00 |
| Profit before Tax | 401.17 | 322.91 | -80.32 | -126.58 | 157.68 | 165.27 | 124.10 | 161.37 |
| PBT Margin | 53.08% | 42.72% | -21.84% | -34.42% | 5.99% | 3.24% | 6.60% | 4.27% |
| Tax Expense: | | | | | | | | |
| i. Current Tax | 100.97 | 100.97 | 0 | 0 | 48.99 | 48.1 | 31.28 | 40.12 |
| ii. Deferred Tax Expenses/(Credit) | 0.25 | 0.25 | 7.18 | 7.18 | 5.08 | 5.49 | 15.35 | 16.01 |
| iii. Income tax for earlier year | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| PAT | 299.95 | 221.69 | -87.50 | -133.76 | 103.61 | 111.68 | 77.47 | 105.24 |
| PAT Margin % | 39.68% | 29.33% | -23.80% | -36.37% | 3.94% | 2.19% | 4.12% | 2.78% |

COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2022 WITH FINANCIAL YEAR ENDED MARCH 31, 2021

INCOME

Income from Operations

(Rs. In Lakhs)

| Particulars | 31.03.2022 | | 31.03.2021 | | Variance In % | |
|-------------------------|------------|--------------|------------|--------------|---------------|--------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Revenue from Operations | 2,391.86 | 4,857.54 | 1,869.37 | 3,770.10 | 27.95% | 28.84% |

**A F ENTERPRISES LIMITED**

(CIN- L18100DL1983PLC016354)

The operating income of the Company for the year ending March 31, 2022 on standalone is Rs. 2391.86 Lakhs as compared to Rs. 1869.37 lakhs for the year ended March 31, 2021 on standalone basis, showing an increase of 27.95%, and such increase is due to increase in volume of operations.

Accordingly, the operating income of the Company for the year ending March 31, 2022 on consolidated is Rs. 4857.54 Lakhs as compared to Rs. 3770.10 lakhs for the year ended March 31, 2021 on consolidated basis, showing an increase of 28.84%, and such increase is due to increase in volume of operations.

Other Income

Our other income Increased from Rs. 10.77 Lakhs to Rs. 241.01 Lakhs on standalone basis, this was primarily due to increase in Non operating Income and Our Other Income Increased from Rs. 10.77 Lakhs to Rs. 243.02 Lakhs on consolidated basis during the year ended 31st March, 2021 to 31st March, 2022, this was primarily due to increase in Non operating Income on consolidated basis.

Cost of Material consumed

(Rs. In Lakhs)

| Particulars | 31.03.2022 | | 31.03.2021 | | Variance In % | |
|---------------------------|------------|--------------|------------|--------------|---------------|--------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Cost of Material Consumed | 957.91 | 957.91 | 183.53 | 183.52 | 421.94% | 421.96% |

There is 421.94% increase in cost of material consumed from Rs. 183.53 Lakhs during year ended 31st March, 2021 to Rs. 957.01 Lakhs during year March 31, 2022 on standalone basis and there is 421.96% increase in cost of material consumed from Rs. 183.52 Lakhs during year ended 31st March, 2021 to Rs. 957.91 Lakhs during year March 31, 2022 on consolidated basis which is in line with the increase in revenue from operations and increase in business volume.

Employee Benefit Expenses

(Rs. In Lakhs)

| Particulars | 31.03.2022 | | 31.03.2021 | | Variance In % | |
|---------------------------|------------|--------------|------------|--------------|---------------|--------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Employee Benefit Expenses | 165.50 | 215.59 | 46.99 | 86.34 | 252.20% | 149.70% |

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There is 252.20% increase in employee benefit expenses from Rs. 46.99 Lakhs during year ended 31st March, 2021 to Rs. 165.50 Lakhs during year March 31, 2022 on standalone basis and there is 149.70% increase in employee benefit expenses from Rs. 86.34 Lakhs during year ended 31st March, 2021 to Rs. 215.59 Lakhs during year March 31, 2022 on consolidated basis which is due to increase in staff and salary & wages.

Other Expenses**(Rs. In Lakhs)**

| Particulars | 31.03.2022 | | 31.03.2021 | | Variance In % | |
|----------------|------------|--------------|------------|--------------|---------------|--------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Other expenses | 222.80 | 279.40 | 244.03 | 276.54 | -8.70% | 1.03% |

There is 8.70% decrease in other expenses from Rs. 244.03 Lakhs during the year ended 31st March, 2021 to Rs. 222.80 Lakhs during the year ended March 31, 2022 on standalone basis which is due to decrease in other expenses and accordingly, there is 1.03% increase in other expenses from Rs. 276.54 Lakhs during the year ended 31st March, 2021 to Rs. 279.40 Lakhs during the year ended March 31, 2022 on consolidated basis which is in line with volume of business operations.

Depreciation

There is 16.22% & 16.01% decrease in Depreciation expenses during the year ended March 31, 2022 as compared with depreciation expenses during the year ended March 31, 2021 due to decrease in written down value or depreciable assets on standalone and consolidated basis respectively.

Profit Before Tax**(Rs. In Lakhs)**

| Particulars | 31.03.2022 | | 31.03.2021 | | Variance In % | |
|-------------------|------------|--------------|------------|--------------|---------------|--------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Profit before Tax | 157.68 | 165.27 | 124.10 | 161.37 | 27.06% | 2.42% |

Profit before tax increased from Rs. 124.10 Lakhs during the year ended 31st March, 2021 to Rs. 157.68 Lakhs during the year March 31, 2022 on standalone basis in line with volume of business operations. Also, Profit before tax increased from Rs. 161.37 Lakhs during the year ended 31st March, 2021 to Rs. 165.27 Lakhs during the year ended March 31, 2022 on consolidated basis due to increase in volume of business operations of the Company.



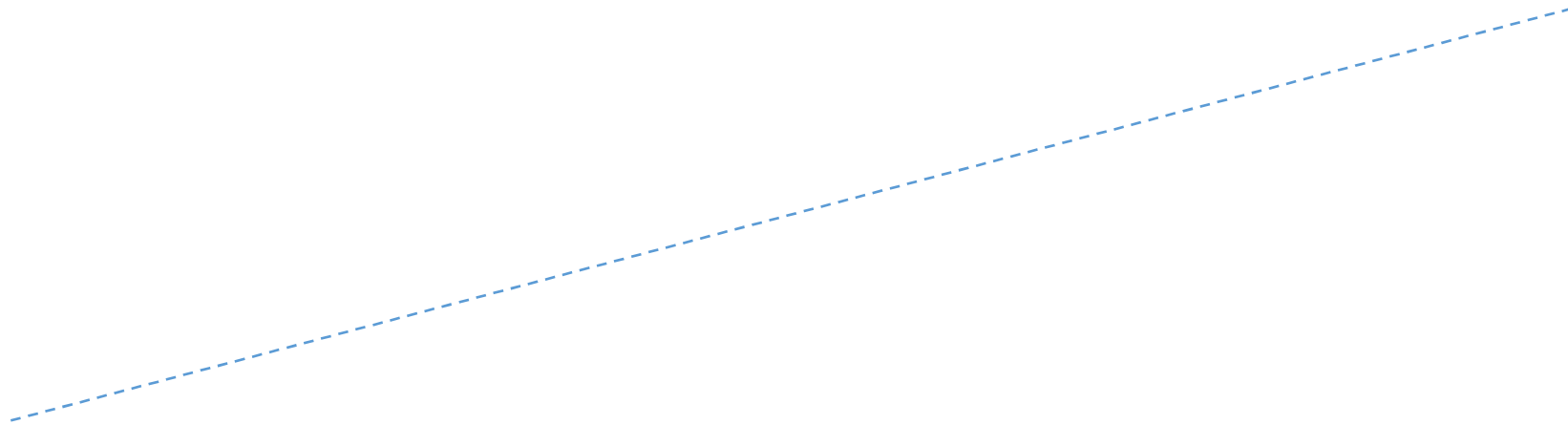
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Net Profit

(Rs. In Lakhs)

| Particulars | 31.03.2022 | | 31.03.2021 | | Variance In % | |
|-------------|------------|--------------|------------|--------------|---------------|--------------|
| | Standalone | Consolidated | Standalone | Consolidated | Standalone | Consolidated |
| Net Profit | 103.61 | 111.68 | 77.47 | 105.24 | 33.74% | 6.12% |

Profit after tax increased from Rs. 77.47 Lakhs during the year ended 31st March, 2021 to Rs. 103.61 Lakhs during the year March 31, 2022 on standalone basis in line with the volume of business operations. Also, Profit before tax increased from Rs. 105.24 Lakhs during the year ended 31st March, 2021 to Rs. 111.68 Lakhs during the year ended March 31, 2022 on consolidated basis due to increase in turnover and capital utilization of the Company.





Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as described in the chapter titled “*Risk Factors*” and chapter titled “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 25 and 108, respectively, of this Draft Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft Letter of Offer, there have been no events or transactions to our knowledge which may be described as “unusual” or “infrequent”.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company’s operations or are likely to affect income except as mentioned in the chapter titled “*Risk Factors*” on page 25 of this Draft Letter of Offer.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known

Other than as described in the chapter titled “*Risk Factors*” and chapter titled “*Management's Discussion and Analysis of Financial Conditions and Results of Operations*” beginning on pages 25 and 108, respectively, and elsewhere in this Draft Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume or increased sales prices

Increase in revenues is by and large linked to increase in sale of our services.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to intensify. However, on account of cost reduction and cost control, consistently delivering quality services, we are able to stay competitive. For further details, kindly refer the chapter titled “*Our Business*” beginning on page 86 of this Draft Letter of Offer.



SECTION VII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND OTHER DEFAULTS

Our Company is subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. There is no outstanding litigation which has been considered material in accordance with our Company's 'Policy for Determination of Materiality', framed in accordance with Regulation 30 of the SEBI Listing Regulations, and accordingly, there is no such outstanding litigation involving our Company that requires disclosure in this Draft Letter of Offer. However, solely for the purpose of the Issue, the following outstanding litigations have been disclosed in this section of this Draft Letter of Offer, to the extent applicable: any outstanding civil litigation, including tax litigation, involving our Company, where the amount involved is where the amount involved is 20% of Turnover or Net Worth of the Company for the immediately preceding financial year ("Materiality Threshold") or above.

Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.

Pre-litigation notices received by our Company 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) shall not be evaluated for materiality until such time our Company are impleaded as defendants in litigation proceedings before any judicial forum.

LITIGATIONS INVOLVING OUR COMPANY

Litigations Against our Company

Criminal proceeding against our Company

Nil

Action and Proceeding initiated by Statutory / Regulatory Authority including economic offences against our Company

Nil

Other Proceeding against our Company including matters which are considered material as per Materiality Policy

- i) There is liability of Rs. 542.00 Lakhs on account of Demand from the GST Department, our Company has filed an appeal with higher authority(ies) which is under process.

Litigations by our Company

Criminal proceeding by our Company

Nil



LITIGATIONS INVOLVING SUBSIDIARY COMPANIES

Litigations against Subsidiary Companies

Criminal proceeding against our Subsidiary Companies

Nil

Action and Proceeding initiated by Statutory/Regulatory Authority against of our Subsidiary Companies

Nil

Other Proceeding against our Subsidiary Companies

Nil

Litigations by Subsidiary Companies

Criminal proceeding by our Subsidiary Companies

Nil

Other Proceeding by our Subsidiary Companies

Nil

Revenue Matters:

Nil

DISCLOSURES PERTAINING TO WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company, our Promoters, our Directors are or have been classified as a willful defaulter or fraudulent borrower by a bank or financial institution or a consortium thereof in accordance with the guidelines on willful defaulters or fraudulent borrower issued by RBI.

AMOUNT DUE TO MSME

There are no pending dues to MSME supplier for more than 45 (Forty Five) days as on 31st March, 2022.



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GOVERNMENT AND OTHER STATUTORY APPROVALS

Our Company requires various consents, licenses, permissions and approvals from various central and state authorities under various rules and regulations for carrying on its present business activities. We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue. Such consents, licenses, permissions and approvals may be required to be renewed periodically and applications for the same are made at the appropriate stage.

Since, our Company intends to utilize the proceeds of the Issue to meet the incremental working capital requirement, no government and regulatory approval pertaining to the Object of the Issue will be required.



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MATERIAL DEVELOPMENTS

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

For further details, please refer to the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 108 of this Draft Letter of Offer.



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OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue has been authorized by the resolution passed by our Board at its meeting held on 29th December, 2022 pursuant to Section 62 (1) (a) of the Companies Act, 2013 and other applicable provisions. The Rights Issue Committee has approved the Record Date for the Issue at its meeting held on [●] and this Draft Letter of Offer at its meeting held on [●].

Our Board, in its meeting held on 29th December, 2022 has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at Rs. [●] per Equity Share aggregating up to Rs. 4000 Lakhs. The Issue Price is Rs. [●] per Equity Share has been arrived at by our Company prior to determination of the Record Date.

Our Company has received in-principle approval from BSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Equity Shares to be Allotted in this Issue pursuant to their respective letters each dated [●]. Our Company will also make application to BSE to obtain its trading approval 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 128 of this Draft Letter of Offer.

Prohibition by SEBI

Our Company, our Promoter, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None our Directors or Promoter is associated with the securities market in any manner. Further, there is no outstanding action initiated against any of our Directors or Promoters by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoter, and Directors have been categorized or identified as wilful defaulters or fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.



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Eligibility for this Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the BSE. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made application to the Stock Exchange and has received its in-principle approval for listing of the Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Draft Letter of Offer with the Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the websites of BSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Draft Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

Disclaimer Clause of SEBI

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is up to Rs. 4000.00 lakhs. The present Issue being of less than Rs. 5,000 lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI i.e. www.sebi.gov.in.



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Disclaimer from our Company, our Director(s)

Our Company accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in the Issue will be deemed to have represented to our Company and its officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

Caution

Our Company shall make all relevant information available to the Eligible Equity Shareholders in accordance with SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Disclaimer with respect to 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 the Issue will be subject to the jurisdiction of the appropriate court(s) in Delhi, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

Listing

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer is set out below:



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"BSE Limited ("the Exchange") has given, vide its letter dated [●] permission to this Company to use the Exchange's name in this Draft Letter of Offer as one of the stock exchange on which this Company'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 Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under this Draft Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and



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agreed, by accepting the delivery of the Draft Letter of Offer, (i) that it is not and that, at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States when the buy order is made; and (ii) is authorised to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws, rules and regulations.

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

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulations under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION 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 ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of our Directors, the Registrar to the Issue, Expert and the Bankers to the Issue/ Refund Bank to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Our Company has obtained expert opinions on taxation and Financial Matters from M/s. CAAN & Associates.



Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issues/Public issues in last five years. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Filing

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

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre Issue or post Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, see "Terms of the Issue" beginning on page 128. The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue at:



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Registrar to the Issue

Skyline Financial Services Private Limited

D-153 A, 1st Floor, Okhla Industrial Area, Delhi-110020.

Tel No.: 011-26812682

Website: www.skylinerta.com

E-mail ID: admin@skylinerta.com/info@skylinerta.com

Contact Person: Mr. Virendra Rana

SEBI Registration No: INR000003241

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post- Issue related matter such as non-receipt of letter of Allotment, credit of Rights Equity Shares, refund and such other matters. The contact details of the Compliance Officer are as follows:

Company Secretary and Compliance Officer

Ms. Payal Sachdeva

Plot No.8, Sector-5, Main Mathura Road, Faridabad, Haryana-121006.

Email: cs@ridh.in

Website: www.afenterprisesltd.in

Tel: +91-9311551023

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

EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS, IF ANY, GRANTED BY SEBI

Our Company has not submitted any application to SEBI for exemption from complying with any provisions of Securities.

Status of Complaints

- i. Total number of complaints received during Fiscal 2020: Nil
- ii. Total number of complaints received during Fiscal 2021: Nil
- iii. Total number of complaints received during Fiscal 2022: Nil
- iv. Time normally taken for disposal of various types of investor complaints: 15 days
 - (a) Share transfer process: Within 15 days after receiving full set of documents
 - (b) Share transmission process: Within 21 days after receiving full set of documents
 - (c) Other Complaints: Within 15 days from the receipt of the complaint

Status of outstanding investor complaints

As on the date of the DLOF, there were Nil outstanding investor complaints.



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Changes in Auditor during the last three years

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

Minimum Subscription

The objects of the Issue are meeting the Working Capital Requirements and General Corporate Purpose, and do not involve financing of capital expenditure for a project.

Further, Promoter of our Company have, vide their letters dated 29th December, 2022 (" Subscription Letters ") indicated their intention to subscribe, jointly and / or severally in part or to the full extent of their Rights Entitlement (including any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company).

Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

However, Promoter of our Company have, vide Subscription Letter have also indicated that they may renounce their Right Entitlements and that they reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

Accordingly, in case, Our promoters and the promoter group of the issuer do not subscribe fully to their portion of rights entitlement (including any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group of our Company) and renounce their rights in part or in full, then in terms of Regulation 86 of the SEBI ICDR Regulations, our Company would require to achieve minimum subscription of at least 90% of the issue.



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SECTION VIII - ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Eligible Equity Shareholders proposing to apply in this Issue. The Eligible Equity Shareholders should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. The Eligible Equity Shareholders are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Right Issue Circulars, the Eligible Equity Shareholders proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice.

DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, 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, this 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.

Shareholders can access this Draft 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:

- (ii) Our Company at www.afenterprisesltd.in;
- (iii) The Registrar at www.skylinerta.com;
- (iv) The Stock Exchange at www.bseindia.com;



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Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., Skyline Financial Services Private Limited at www.skylinerta.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.afenterprisesltd.in).

Please note that neither our Company nor the Registrar shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of this Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with the Stock Exchange. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).



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PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Shareholders desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Shareholders should carefully read the provisions applicable to such Applications before making their Application through ASBA.

Investors can submit either the Application Form in physical mode to the Designated Branches of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, titled "Procedure for Application through the ASBA Process" on page 131.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

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" 131. Our Company, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in 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 chapter titled "Application on Plain Paper under ASBA process".

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:



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- a) apply for its Equity Shares to the full extent of its Rights Entitlements; or
- b) apply for its Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- c) apply for Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- d) apply for its Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or
- e) renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

A Shareholders, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Shareholders desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Shareholders should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, *via* the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar 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 Shareholders applying through ASBA:

- a) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only.



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- b) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
 - c) Ensure that there are sufficient funds (equal to {number of Equity Shares (including additional Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
 - d) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
 - e) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
 - f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
 - g) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Shareholders applying through ASBA:

- a) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- b) Do not send your physical Application to the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- d) Do not submit Application Form using third party ASBA account.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchange. 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.



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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:

- (a) Name of our Company, being A F Enterprises Limited;
- (b) Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
- (c) Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
- (d) Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue
- (e) Number of Equity Shares held as on Record Date;
- (f) Allotment option – only dematerialised form;
- (g) Number of Equity Shares entitled to;
- (h) Number of Equity Shares applied for within the Rights Entitlements;
- (i) Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
- (j) Total number of Equity Shares applied for;
- (k) Total amount paid at the rate of Rs. [●] per Equity Share;
- (l) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
- (m) In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- (n) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
- (o) Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
- (p) All such Eligible Equity Shareholders are deemed to have accepted the following:

"I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for Shareholders in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise



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pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a "U.S. Person" as defined in ("Regulations"), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulations.

I/We acknowledge that the Company, 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 a Shareholders submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, and the Registrar not having any liability to the Shareholders. The plain paper Application format will be available on the website of the Registrar at www.skylinerta.com.

Our Company, and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Shareholders' ASBA Accounts on or before the Issue Closing Date.

Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post,



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- speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
 - c) The remaining procedure for Application shall be same as set out in "*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" mentioned above.

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

Shareholders are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment 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 SEBI ICDR Regulations and in the manner as set out in "*Basis of Allotment*" mentioned below.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Additional general instructions for Shareholders in relation to making of an application

- i) Please read this Draft Letter of offer carefully to understand the Application process and applicable settlement process.
- ii) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of offer, the 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.
- iii) 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*" mentioned above.
- iv) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, (i) Applications through ASBA



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process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

- v) 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.
- vi) 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 Shareholders 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 Shareholders.
- vii) 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. Shareholders applying under this Issue should note that on the basis of name of the Shareholders, 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, Shareholders 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 Shareholders including mailing of the letters intimating unblocking of bank account of the respective Shareholders and/or refund. The Demographic Details given by the Shareholders in the Application Form would not be used for any other purposes by the Registrar. Hence, Shareholders 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 Shareholders 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 Shareholders. Please note that any such delay shall be at the sole risk of the Shareholders and none of our Company, the SCSBs, Registrar shall be liable to compensate the Shareholders 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 Shareholders (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**
- viii) By signing the Application Forms, Shareholders would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- ix) 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 Shareholders must sign the Application as per the specimen signature recorded with the SCSB.
- x) Shareholders 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



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- be rejected. Shareholders will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- xi) 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.
 - xii) 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.
 - xiii) Shareholders are required to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
 - xiv) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
 - xv) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
 - xvi) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
 - xvii) Do not pay the Application Money in cash, by money order, pay order or postal order.
 - xviii) Do not submit multiple Applications.
 - xix) No investment under the FDI route (i.e any investment which would result in the Shareholders 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 Shareholders to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.
 - xx) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- i) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- ii) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.



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- iii) Sending an Application to our Company, Registrar, Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
 - iv) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
 - v) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
 - vi) Account holder not signing the Application or declaration mentioned therein.
 - vii) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
 - viii) Multiple Application Forms, including cases where an Shareholders submits Application Forms along with a plain paper Application.
 - ix) 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).
 - x) 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.
 - xi) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
 - xii) Application Forms which are not submitted by the Shareholders within the time periods prescribed in the Application Form and this Draft Letter of offer.
 - xiii) Physical Application Forms not duly signed by the sole or joint Shareholders, as applicable.
 - xiv) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand s.
 - xv) If an Shareholders 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 Shareholders to subscribe to their Rights Entitlements.
 - xvi) 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.
 - xvii) Applications which have evidence of being executed or made in contravention of applicable securities laws.
 - xviii) Application from Shareholders 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).

Applications by non-resident Shareholders.

- a. Payment from third party bank accounts.



Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Shareholders 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*" mentioned below.

In cases where Multiple Application Forms are submitted, including cases where (a) a Shareholders 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.

Procedure for Applications by certain categories of Shareholders

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 Shareholders group (which means multiple entities registered as foreign portfolio Shareholders and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or Shareholders group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or Shareholders 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 Shareholders 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.



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An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

1. Such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
2. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre - approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among 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 Shareholders 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 Shareholders to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

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



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a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Shareholders**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Shareholders will also require prior approval of the Government of India and each Shareholders should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Shareholders shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) 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.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], 2022, i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Draft Letter of offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "*Basis of Allotment*" mentioned below.

Please note that on the Issue Closing Date, (Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Shareholders can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.



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Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, 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 Shareholders within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (*i.e.*, www.skylinerta.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.afenterprisesltd.in).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain



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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 Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

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.skylinerta.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, [●]) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit 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.



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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 [●], 2022 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.

RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and *vice versa* shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favor of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock 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 Exchange (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Shareholders should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Shareholders may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Shareholders who intend to trade in the Rights Entitlements should



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consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Shareholders on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Shareholders.

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 Exchange through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN [●] 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 Exchange 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 Shareholders holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to trade.

The Shareholders can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

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.



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

The Shareholders holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Shareholders can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through the ASBA facility, the Shareholders agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Shareholder's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Shareholders in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, 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.



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Mode of payment for Resident Shareholders

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Shareholders

As regards the Application by non-resident Shareholders, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Equity Shares.

BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" beginning on mentioned above.



Fractional Entitlements

The Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] ([●] ([●]) Equity Shares for every [●] ([●]) Equity Shares held as on the Record Date). As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. In terms of present ratio, there will no fractional shares.

Ranking

The Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of 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, 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 Exchange 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 Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 538351) under the ISIN: INE663P01015. The Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Equity Shares, and if any such money is not refunded/ unblocked within



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four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and members of the Promoter Group

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see "*Capital Structure - Intention and extent of participation by our Promoter*" mentioned above.

Rights of the Rights Equity Shareholder

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

- The right to receive dividend, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive surplus on liquidation;
- The right to free transferability of Rights Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialised form. The market lot for Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the



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Shareholders would prevail. Any Shareholders holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be One Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

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

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation and one **Marathi language national daily** newspaper with wide circulation being the **regional language of Delhi, where our Registered Office is situated.**

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Shareholders

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue Equity Shares to non-resident Equity Shareholders including additional Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Shareholders has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval



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with the Application details and send it to the Registrar at Skyline Financial Services Private Limited at www.skylinerta.com. It will be the sole responsibility of the Shareholders to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Letter Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, and the Stock Exchange. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of Shareholders and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Shareholders 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. by mail at www.skylinerta.com

ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH SHAREHOLDERS ON THE RECORD DATE. FOR DETAILS, SEE "ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS" AS MENTIONED ABOVE

Issue Schedule

| | |
|---|-----|
| Last date for credit of Rights entitlements | [•] |
| Issue opening date | [•] |



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| | |
|---|-----|
| Last Date on Market Renunciation Of Rights Entitlements # | [●] |
| Issue Closing Date* | [●] |
| Finalisation 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 Renounees on or prior to the Issue Closing Date.

* Our Board or the Rights Issue Committee, duly constituted and authorized by the Board of Directors in their meeting held on [●], 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., [●] .

Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renounee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The



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Allotment of such Equity Shares will be on equitable basis giving due regard to the holdings as on the record date and will not be a preferential allotment.

- (d) Allotment to Renounees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Shareholders who have been allocated Equity Shares in this Issue, along with:

- i) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
- ii) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- iii) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.



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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 Shareholders 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.

PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

Unblocking amounts blocked using ASBA facility.

NACH - National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

National Electronic Fund Transfer ("NEFT") - Payment of refund shall be undertaken through NEFT wherever the Shareholders' bank has been assigned the Indian Financial System Code ("**IFSC Code**"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Shareholders through this method.

Direct Credit - Shareholders having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company



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RTGS – If the refund amount exceeds Rs. 2,00,000, the Shareholders have the option to receive refund through RTGS. Such eligible Shareholders who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Shareholder’s bank receiving the credit would be borne by the Shareholders.

For all other Shareholders, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demands drawn in favour of the sole/first Shareholders and payable at par.

Credit of refunds to Shareholders in any other electronic manner, permissible 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.

ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

Receipt of the Equity Shares in Dematerialized Form

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

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 SHAREHOLDERS 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.

Shareholders shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement with NSDL and with CDSL which enables the Shareholders 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.

SHAREHOLDERS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialized form is as under:

- i) 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



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opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Shareholders having various folios in our Company with different joint holders, the Shareholders will have to open separate accounts for such holdings. Those Shareholders who have already opened such beneficiary account(s) need not adhere to this step.

- ii) It should be ensured that the depository account is in the name(s) of the Shareholders and the names are in the same order as in the records of our Company or the Depositories.
- iii) The responsibility for correctness of information filled in the Application Form *vis-a-vis* such information with the Shareholder's depository participant, would rest with the Shareholders. Shareholders should ensure that the names of the Shareholders and the order in which they appear in Application Form should be the same as registered with the Shareholder's depository participant.
- iv) If incomplete or incorrect beneficiary account details are given in the Application Form, the Shareholders will not get any Equity Shares and the Application Form will be rejected.
- v) The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, *etc.*). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.
- vi) Non-transferable Allotment advice/ refund intimation will be directly sent to the Shareholders by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.
- vii) Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

IMPERSONATION

As a matter of abundant caution, attention of the Shareholders is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least Rs. 0.1 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than Rs. 0.1 crore or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to Rs. 0.5 crore or with both.



UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- 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 Exchange where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
- 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 Shareholders within 4 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- v) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- vi) Adequate arrangements shall be made to collect all ASBA Applications.
- vii) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

SHAREHOLDERS GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

- 1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.



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2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed "[●]" on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

Skyline Financial Services Private Limited

D-153A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020.

Tel No.: 011-26812682, 40450193,

Website: www.skylinerta.com

E-mail ID: admin@skylinerta.com/info@skylinerta.com

Contact Person: Mr. Virender Rana

SEBI Registration No: INR000003241

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders will be available on the website of the Registrar (i.e, Skyline Financial Services Private Limited at www.skylinerta.com). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is 011-26812682.

(i) The Shareholders can visit following links for the below-mentioned purposes:

4. Frequently asked questions and online/ electronic dedicated Shareholders helpdesk for guidance on the Application process and resolution of difficulties faced by the Shareholders: www.skylinerta.com).
5. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: www.skylinerta.com).
6. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.skylinerta.com).
7. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: admin@skylinerta.com/info@skylinerta.com.

This Issue will remain open for a minimum 7 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue 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.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non- resident shareholding is within the sectorial limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.



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Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

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



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STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date, or (c) demat suspense account where the credit of the Rights Entitlements returned/reversed/failed.



SECTION IX - OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts referred to in para (A) 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.

Copies of the above mentioned contracts and also the documents for inspection referred to in para (B), may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Draft Letter of Offer until the closure of the subscription list.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A) MATERIAL CONTRACTS

1. Agreement dated 27th December, 2022 between our Company and M/s Skyline Financial Services Private Limited, Registrar to the Issue.
2. Tripartite Agreement dated 18th December, 2013 between our Company, National Securities Depository Ltd. (NSDL) and Registrar to the Issue;
3. Tripartite Agreement dated 31st October, 2013 between our Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Issue;
4. Banker(s) to the Issue Agreement dated [●] amongst our Company and the Registrar to the Issue and the Escrow Collection Bank(s).

(B) DOCUMENTS FOR INSPECTION

5. Certified copy of the Memorandum of Association and Articles of Association of our Company as amended from time to time.
6. Certificate of Incorporation dated 18th August, 1983.
7. Copy of the resolution of the Board of Directors under Section 62 of the Companies Act passed in its meeting dated 29th December, 2022 authorizing the Issue.
8. Resolution passed by the Board of Directors dated [●] determining the Record date.
9. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditor and Registrar to the Issue to include their names in the Offer Document to act in their respective capacities;



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10. Annual reports of our Company for the financial years ended March 31, 2020, 2021 and 2022 and Unaudited Standalone and Consolidated financial results for the Six months ended 30th September, 2022;
11. A statement of tax benefits dated 29th December, 2022, received from M/s. V N Purohit & Co., Chartered Accountants, Statutory Auditor regarding tax benefits available to our Company and its shareholders;
12. Certificate dated 29th December, 2022 from M/s. V N Purohit & Co., Chartered Accountants regarding "Sources & deployment of funds";
13. In-principle listing approval(s) dated [●] from BSE Limited;

Any of the contracts or documents mentioned in the 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 Equity Shareholders, subject to compliance with applicable law.



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DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Letter of Offer are true and correct.

| Name | Signature |
|---|------------------|
| Mr. Santosh Kumar Kushawaha Managing Director DIN: 02994228 | Sd/- |
| Mr. Abhishek Singh Whole-Time Director DIN: 03603706 | Sd/- |
| Mr. Amit Thakur Non-Executive Director DIN: 09715772 | Sd/- |
| Mr. Vikram Sharma Non-Executive Director DIN: 09683486 | Sd/- |
| Mr. Tinku Kathuria Non-Executive and Independent Director DIN: 08699650 | Sd/- |
| Ms. Preeti Non-Executive and Independent Director DIN: 09662113 | Sd/- |
| Mr. Abhishek Singh Chief Financial Officer PAN: BWXPS8369G | Sd/- |
| Ms. Payal Sachdeva Company Secretary and Compliance officer PAN: BMFPA2964K | Sd/- |

Place: New Delhi

Date: 29th December, 2022