



Letter of Offer
February 18, 2026
For Eligible Shareholders Only

PADAM COTTON YARNS LIMITED
CIN: L17112HR1994PLC033641

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, NCT of Delhi and Haryana, dated November 02, 1994 with the name Padam Cotton Yarns Limited. The Corporate Identification Number of our Company is L17112HR1994PLC033641. For further details, refer to the section titled 'about the Company' beginning on Page 58 of this Letter of Offer.

Registered Office: 196, 1st Floor, G.T. Road, opp. Red cross market, Karnal- 132001, Haryana, India.

Corporate Office: C-801, Krish Cubical, Govardhan Partyplot, Avalon Hotel Road, Sindhu Bhavan Marg, Thaltej, Ahmedabad, Gujarat, India, 380059

Contact Details: +91 9998865217; **Contact Person:** Ms. Vidisha Vimal Hingu, Company Secretary & Compliance Officer;

Email-ID: cspcyl6@gmail.com; **Website:** www.padamcotton.com;

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY

THE PROMOTERS OF THE COMPANY ARE MR. PADAM SAIN GUPTA, MRS. PREM LATA, MRS. RADHIKA GUPTA, MR. RAJEV GUPTA, MR. VIVEK GUPTA, M/S. VIVEK GUPTA HUF, MRS. REKHA GUPTA, M/S. RAJEV GUPTA HUF.

RIGHTS ISSUE OF UP TO 9,03,70,000 (NINE CRORE THREE LAKH SEVENTY THOUSANDS) FULLY PAID UP EQUITY SHARES OF FACE VALUE OF ₹1.00/- (RUPEE ONE ONLY) ('EQUITY SHARES') EACH AT A PRICE OF ₹ 2.07/- (TWO RUPEES AND ZERO SEVEN PAISA ONLY) PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 1.07/- (ONE RUPEE AND ZERO SEVEN PAISA ONLY) PER EQUITY SHARE) ('ISSUE PRICE') ('RIGHT SHARES') FOR AN AMOUNT AGGREGATING UP TO ₹18,70,65,900/- (RUPEES EIGHTEEN CRORE SEVENTY LAKH SIXTY FIVE THOUSANDS NINE HUNDRED ONLY) ON A RIGHTS ISSUE BASIS TO THE ELIGIBLE SHAREHOLDERS OF PADAM COTTON YARNS LIMITED ('COMPANY' OR 'ISSUER') IN THE RATIO OF 07 (SEVEN) RIGHTS EQUITY SHARES FOR EVERY 10 (TEN) EQUITY SHARE, HELD BY SUCH ELIGIBLE SHAREHOLDERS AS ON THE RECORD DATE, TUESDAY, FEBRUARY 24, 2026 ('ISSUE'). THE ISSUE PRICE IS 2.07 TIMES THE FACE VALUE OF THE EQUITY SHARE. FOR FURTHER DETAILS, KINDLY REFER TO THE SECTION TITLED 'TERMS OF THE ISSUE' BEGINNING ON PAGE 61 OF THIS LETTER OF OFFER.

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

PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES

AMOUNT PAYABLE PER RIGHTS EQUITY SHARE*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	1.00	1.07	2.07
Total (₹)	1.00	1.07	2.07

*For further details on Payment Schedule, see "Issue Information" on page 76.

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company, nor our directors, nor our promoter are or have been categorized as wilful defaulters or fraudulent borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the Reserve Bank of India.

GENERAL RISK

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares are listed on the BSE Limited "BSE" (the "Stock Exchange"). Our Company has received 'in-principle' approval from the BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letters dated February 12, 2026. Our Company will also make an application to the Stock Exchanges to obtain the trading approval for the Rights Entitlements as required under the SEBI Master Circular dated November 11, 2024. For the purpose of this Issue, the Designated Stock Exchange is BSE.

REGISTRAR TO THE ISSUE

BEETAL

Beetal Financial & Computer Services Pvt. Ltd
Registrar to the Rights Issue

Address : Beetal House, 3rd Floor, 99, Madangir, Behind LSC, New Delhi, Delhi, 110062

Contact Details: + 91-011-29961281/29961282/42959000

E-mail ID/ Investor grievance e-mail: investor@beetalfinancial.com

Website: <https://beetal.in/>

Contact Person: Punit Mittal

SEBI Registration Number: INR000000262

Validity of Registration: Permanent

ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	Thursday, February 26, 2026
ISSUE OPENING DATE	Monday, March 02, 2026
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS*	Wednesday, March 04, 2026
LAST DATE FOR OFF MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS*	Friday, March 06, 2026
ISSUE CLOSING DATE**	Monday, March 09, 2026
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Tuesday, March 10, 2026
DATE OF ALLOTMENT (ON OR ABOUT)	Tuesday, March 10, 2026
DATE OF CREDIT OF RIGHTS EQUITY SHARES (ON OR ABOUT)	Wednesday, March 11, 2026
DATE OF LISTING (ON OR ABOUT)	Wednesday, March 11, 2026

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

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

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SECTION I – GENERAL

DEFINITIONS

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below.

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

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to ‘the/our Company’, ‘we’, ‘our’, ‘us’ or similar terms are to Padam Cotton Yarns Limited as the context requires, and references to ‘you’ are to the Eligible Shareholders and/ or prospective Investors in this Issue.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI (ICDR) Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in section titled ‘*Statement of Tax Benefits*’, ‘*Financial Information*’, and ‘*Terms of the Issue*’ on page 43, 49, and 61 respectively, shall have the meaning given to such terms in such sections.

CONVENTIONAL/ GENERAL TERMS

Term	Description
Padam Cotton Yarns Limited / the Company/ our Company	Padam Cotton Yarns Limited, a public limited company incorporated under the provisions of the Companies Act, 1956, as amended from time to time
We/ us/ our	Unless the context otherwise indicates or implies, refers to Padam Cotton Yarns Limited
ASBA	Application Supported by Blocked Amount;
AOA/ Articles of Association	The Articles of Association of Padam Cotton Yarns Limited, as amended from time to time;
Audit Committee	The audit committee of our Board in accordance with Regulation 18 of the SEBI (LODR) Regulations and Section 177 of the Companies Act, 2013;
Audited Financial Statements	The audited financial statements of our Company prepared in accordance with Indian Accounting Standards for the Financial Years ending March 31, 2024;
Auditors/ Statutory Auditors/ Peer Review Auditor	The current statutory auditors of our Company are M/s. SVJK & Associates, Chartered Accountants, with effect from July 02, 2025;
Board of Directors/ Board	Board of Directors of our Company; For details, see " Our Management " on page 46 of this Letter of Offer
Chief Financial Officer/ CFO	The Chief Financial Officer of our Company, being Mr. Dinesh Shreevastav.
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company being Ms. Vidisha Vimal Hingu.
Corporate Office	C-801, Krish Cubical, Govardhan Partyplot, Avalon Hotal Road, Sindhu Bhavan Marg, Thaltej, Ahmedabad, Gujarat, India, 380059
Depositories Act	The Depositories Act, 1996 and amendments thereto;
DP/ Depository Participant	Depository Participant as defined under the Depositories Act;
Eligible Shareholder(s)	Eligible holder(s) of the Equity Shares of Padam Cotton Yarns Limited as on the Record Date;
Equity Shares	Equity shares of the Company having face value of ₹1.00/- (Rupee One only);

Term	Description
Independent Director	Independent directors on the Board and eligible to be appointed as an Independent Director under the provisions of the Companies Act and SEBI (LODR) Regulations. For details of the Independent Directors, please refer to section titled ' <i>Our Management</i> ' beginning on page 46 of this Letter of Offer;
ISIN	International Securities Identification Number being INE448D01025;
Key Management Personnel /KMP	Key management personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act, 2013. For details, please refer to section titled ' <i>Our Management</i> ' beginning on page 46 of this Letter of Offer;
MOA/ Memorandum of Association	The Memorandum of Association of Padam Cotton Yarns Limited, as amended from time to time;
Nomination and Remuneration Committee	Nomination and Remuneration Committee of the Board, constituted in accordance with Regulation 19 of the SEBI (LODR) Regulations and Section 178 of the Companies Act, 2013;
Promoters	Mr. Padam Sain Gupta, Prem Lata, Radhika Gupta, Rajev Gupta, Vivek Gupta, Vivek Gupta HUF, Rekha Gupta, Rajev Gupta HUF.
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 BSE Limited under the SEBI (LODR) Regulations;
Registered Office	196, 1 st Floor, G.T. Road, opp. Red cross market, Karnal- 132001, Haryana, India
Stakeholders' Relationship Committee	Stakeholders' Relationship Committee of the Board, constituted in accordance with Regulation 20 of the SEBI (LODR) Regulations Section 178 of the Companies Act, 2013;
Stock Exchange/ Designated Stock Exchange	BSE Limited (BSE)

ISSUE RELATED TERMS

Term	Description
Additional Right Shares	The Right Shares applied or allotted under this Issue in addition to the Rights Entitlement;
Allot/Allotment/Allotted	Unless the context requires, the allotment of Right Shares pursuant to this Issue;
Allotment Account	The account opened with the Banker to the Issue, into which the Application Money lying to the credit of the escrow account(s) and Application amounts by ASBA blocked in the ASBA Account, with respect to successful Investors will be transferred on the Transfer Date in accordance with Section 40 (3) of the Companies Act;
Allotment Advice	Note, advice, or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Right Shares pursuant to this Issue;
Allotment Date	Date on which the Allotment is made pursuant to this Issue;
Allottees	Person(s) who are Allotted Rights Equity Shares pursuant to the Allotment;
Applicant(s)/ Investor(s)	Eligible Shareholder(s) and/or Renouncee(s) who make an application for the Right Shares pursuant to this Issue in terms of the Letter of Offer, including an ASBA Investor;
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch(es) of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Equity Shares at the Issue Price;
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application using the website of the SCSBs (if made

Term	Description
	available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of Equity Shares in the Issue;
Application Money	Aggregate amount payable at the time of Application ₹ Rs. 2.07/- (Two Rupees and Zero Seven paisa only) in respect of the Right Shares applied for in this Issue at the Issue Price;
Application Supported by Blocked Amount or ASBA	Application (whether physical or electronic) used by ASBA Investors to make an application authorizing the SCSB to block the Application Money in the ASBA Account maintained with such SCSB;
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Shareholders, as the case may be;
ASBA Applicant /ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including Renounees) shall make an application for an Issue only through ASBA facility;
ASBA Bid	Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI (ICDR) Regulations;
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/SSEP/CIR/P/2022/66 dated May 19, 2022 and SEBI ICDR Master Circular (to the extent it pertains to the rights issue process) and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Bankers to the Issue/ Refund Bank	Collectively, the Escrow Collection Bank and the Refund Bank to the Issue, in this case being ICICI BANK LIMITED;
Bankers to the Issue Agreement	Agreement dated February 09, 2026 entered into by and amongst our Company and the Registrar to the Issue, and the Bankers to the Issue for collection of the Application Money from Investors making an application through the ASBA facility, transfer of funds to the Allotment Account from the Escrow Account and SCSBs, release of funds from Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Investors and providing such other facilities and services as specified in the agreement;
Basis of Allotment	The basis on which the Right Shares will be Allotted to successful Applicants in the Issue, and which is described in the section titled ' <i>Terms of the Issue</i> ' beginning on page 61 of this Letter of Offer;
Common Application Form / CAF	The application form used by Investors to make an application for Allotment under the Issue
Consolidated certificate	The certificate that would be issued for Rights Shares Allotted to each folio in case of Eligible Shareholders who hold Equity Shares in physical form
Controlling Branches /Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate 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?doRecognised=yes ;
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time;
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996;

Term	Description
Letter of Offer / DLOFs	The Letter of Offer dated February 18, 2026 filed with the Stock Exchanges.
Eligible Shareholders	Equity Existing Equity Shareholders as on the Record Date i.e. Tuesday, February 24, 2026. Please note that the investors eligible who have provided an Indian address to our Company are eligible to participate in the Issue. For further details, see “ <i>Notice to Investors</i> ” and “ <i>Restrictions on Purchases and Re sales</i> ” beginning on pages 12 and 87, respectively.
Escrow Account(s)	One or more no-lien and non-interest bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident Investors making an Application through the ASBA facility;
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being ICICI Bank Limited;
ISIN	International Securities Identification Number
Issue/ Rights Issue	Rights Issue of up to 9,03,70,000 (Nine Crore Three lakh Seventy Thousands) Equity Shares of our Company for cash at a price of ₹ 2.07/- (Two Rupees and Zero Seven paisa only) per Right Share aggregating up to ₹ 18,70,65,900/- (Rupees Eighteen Crore Seventy Lakh Sixty Five Thousands Nine Hundred only) on a rights basis to the Eligible Shareholders of our Company in the ratio of 07 (Seven) Rights Equity Shares for every 10 (Ten) Equity Shares held by the Eligible Shareholders of our Company on the Record Date i.e. Tuesday, February 24, 2026; On Application, Investors will have to pay entire amount of ₹ 2.07/- (Two Rupees and Zero Seven paisa only) per Rights Equity Share which constitutes 100 % (Hundred percent) of the Issue Price;
Issue Closing Date	Monday, March 09, 2026
Issue Material	Collectively, this Letter of Offer, Common Application Form and Rights Entitlement Letter and any offering materials, corrigendum, or advertisements in connection with this Issue
Issue Opening Date	Monday, March 02, 2026
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/ Investors can submit their Applications, in accordance with the SEBI (ICDR) Regulations;
Issue Price	₹ 2.07/- (Two Rupees and Zero Seven paisa only) per equity share including a premium of ₹ 1.07/- (One Rupees and Zero Seven paisa only) per Equity Share)
Issue Proceeds	The proceeds raised through this issue;
Issue Size	Amount aggregating up to ₹ 18,70,65,900/- (Rupees Eighteen Crore Seventy Lakh Sixty Five Thousands Nine Hundred only)
Multiple Application Forms	More than One application form submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application;
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please refer to the section titled ‘ <i>Objects of the Issue</i> ’ beginning on page 36 of this Letter of Offer;
Non-Institutional Investors/ NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI (ICDR) Regulations;
Offer Document	The Letter of Offer including any notices, corrigendum 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

Term	Description
	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 Wednesday, March 04, 2026;
Payment Schedule	Payment schedule under which 100% (Hundred percent) of the Issue Price is payable on Application, i.e, ₹ 2.07/- (Two Rupees and Zero Seven paisa only) per Right Share.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI (ICDR) Regulations;
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Right Shares, being Tuesday, February 24, 2026;
Refund through electronic transfer of Funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable;
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being Punjab National Bank
Registrar to the Issue	Beetal Financial & Computer Services Pvt. Ltd (“Beetal”)
Registrar Agreement	Agreement dated October 09, 2025 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue, including in relation to the ASBA facility;
Renouncees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation in accordance with the SEBI ICDR Master Circular;
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e. Monday, March 02, 2026. Such period shall close on Wednesday, March 04, 2026 in case of On Market Renunciation. Eligible 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 i.e. Monday, March 09, 2026;
Rights Entitlement (s)/ RES	The number of Right Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date, in this case being Tuesday, February 24, 2026 Equity Shares held by an Eligible Equity Shareholder; The Rights Entitlements with a separate ISIN “INE448D20017” will be credited to your demat account before the date of opening of the Issue, against the Equity Shares held by the Equity Shareholders as on the Record Date, pursuant to the provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date;
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Shareholders. The Rights Entitlements are also accessible through the ASBA and the link for the same will be available on the website of our Company;
Rights Share	Equity Shares of our Company to be Allotted pursuant to this Issue
Self-Certified Syndicate Banks/ SCSB(s)	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time;

Term	Description
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange;
Wilful Defaulter or Fraudulent Borrower	A Company or person categorized as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any Company whose director is categorized as such, as defined under Regulation 2 (1) (III) of the SEBI (ICDR) Regulations;
Working Day(s)	In terms of Regulation 2(1) (mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays, and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Right 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;

ABBREVIATIONS

Term	Description
AIF	Alternative Investment Fund as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAF	Common Application Form
Calendar Year	Calendar year ending December 31
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970
Companies Act, 2013	Companies Act, 2013 along with rules made thereunder
Companies Act, 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Consolidated FDI Policy	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India
CSR	Corporate Social Responsibility
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018
Depositories Act	The Depositories Act, 1996, including subsequent amendments thereto
DIN	Director Identification Number
DP	Depository Participant
DP-ID	Depository Participant's Identification
DR	Depository Receipts
EBITDA	Profit/(loss) after tax for the year adjusted for income tax expense, finance costs, depreciation, and amortization expense, as presented in the statement of profit and loss
EGM	Extraordinary General Meeting
EEA	European Economic Area
EPS	Earning per Equity Share
FCNR Account	Foreign Currency Non-Resident Account

Term	Description
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations made thereunder
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws
FIPB	Foreign Investment Promotion Board
FPIs	Foreign Portfolio Investors
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
FY/ Financial Year/ Fiscal Year	Period of 12 months ended March 31 of that particular year, unless otherwise stated
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GDR	Global Depository Receipt
GNPA	Gross Net Performing Assets
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
Ind AS	Indian Accounting Standards
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
Indian GAAP/ I-GAAP	Generally Accepted Accounting Principles In India
Income Tax Act/ IT Act	The Income Tax Act, 1961 and amendments thereto
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended
INR / ₹ / Rs./ Indian Rupees	Indian Rupee, the official currency of the Republic of India
IST	Indian Standard Time
IT	Information Technology
MCA	The Ministry of Corporate Affairs, Government of India
Mn / mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
NCT	National Capital Territory, Delhi & Haryana
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
NEFT	National Electronic Fund Transfer.
BSE	Bombay Stock Exchange of India
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account, and debit or credit balance of the profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure, and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write back of depreciation and amalgamation
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NR/ Non- Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI

Term	Description
NRE	Account Non-resident external account
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after Tax
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
RoNW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
SEBI (ICDR) Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments thereto
SEBI Rights Issue Circulars / SEBI Right Issue Circulars / SEBI Rights Issue Circular	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 SEBI circular, bearing reference no. SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022.
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Securities Act	United States Securities Act of 1933, as amended
STT	Securities transaction tax
Trade Mark Act	Trade Marks Act, 1999 and the rules thereunder, including subsequent amendments thereto
VCF	Venture capital fund as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the SEBI AIF Regulations, as the case may be
UPI	Unified Payment Interface

NOTICE TO INVESTORS

The distribution of this Letter of Offer, Common Application Form (“CAF”) and Rights Entitlement Letter and any other offering material (collectively, the “**Issue Materials**”) and issue of Rights Entitlement as well as 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 Letter of Offer, CAF may come or who receive Rights Entitlement and propose to renounce or apply for Rights Equity Shares in the Issue are required to inform themselves about and observe such restrictions.

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date and will dispatch this Letter of Offer, Common 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 Letter of Offer will be provided, through e-mail only to those Eligible Equity Shareholders who have registered their email id and through courier to those Eligible Equity Shareholders who have not registered their email id, 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. The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material.

Our Company, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent on the registered email addresses of such Eligible Equity Shareholders, available with the Registrar in their records.

Investors can also access this Letter of Offer and the Common Application Form from the websites of the Registrar, our Company, the Stock Exchanges, subject to the applicable law.

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 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 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 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 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 Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, 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 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 Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE 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 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 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 Letter of Offer / and Application Form and Rights Entitlement.

Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

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

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

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

CERTAIN CONVENTIONS

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

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the “US” or “U.S.” or the “United States” are to the United States of America and its territories and possessions.

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

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

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

FINANCIAL DATA

Unless stated or the context requires otherwise, our financial data included in this Letter of Offer is derived from the Audited Financial Statements of our Company as of and for the financial year ended March 31, 2025, March 31, 2024 and Un-audited Financial Statement for the Half year ended on September 30,2025.

We have prepared our Audited Financial Statements of our Company as of and for the financial year ended March 31, 2025 in accordance with Indian Accounting Standard (Ind AS), Companies Act, and other applicable statutory and / or regulatory requirements. Our Company publishes its financial statements in Indian Rupees.

For details of the Audited Financial Statements for the financial year ended March 31, 2025, March 31, 2024 and Un-audited Financial Statement for the Half year ended on September 30,2025, please refer to the section titled “*Financial Information*” beginning on page 49 of this Letter of Offer.

Our Company’s Financial Year commences on April 1 of each Calendar Year and ends on March 31 of the following Calendar Year. Accordingly, all references to a particular ‘Financial Year’ or ‘Fiscal’, unless stated otherwise, are to the financial year ending on March 31 of that year.

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

CURRENCY OF PRESENTATION

All references in this Letter of Offer to ‘Rupees’, ‘Rs.’, ‘₹’, ‘Indian Rupees’ and ‘INR’ are to Rupees, the official currency of the Republic of India.

All references to ‘U.S. \$’, ‘U.S. Dollar’, ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America.

Please Note:

One lakh is equal to 100 thousand;
 One crore is equal to 10 million/100 lakhs;
 One million is equal to 1,000,000/10 lakhs;
 One billion is equal to 1,000 million/100 crores;

INDUSTRY AND MARKET DATA

Unless stated otherwise, industry data used throughout this Letter of Offer has been obtained or derived from industry and government publications, publicly available information and sources. Industry publications 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. Although our Company believes that industry data used in this Letter of Offer is reliable, it has not been independently verified.

The industry data used in this Letter of Offer has not been independently verified by our Company or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey.

The extent to which market and industry data used in this Letter of Offer is meaningful depends on the reader's familiarity with and understanding of methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our business is conducted, 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 discussed in "Risk Factors" on page 20 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

CONVERSION RATES FOR FOREIGN CURRENCY

This Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. 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:

Name of Currency	(Amt. in Rs.)		
	Dec 30, 2025	March 28, 2025*	March 28, 2024**
1 U.S. Dollar	89.92	85.58	83.32
1 EUR	105.56	92.32	90.22
1 GBP	121.02	110.74	105.29

Source: www.fbil.org.in

* March 29, 2025, and March 30, 2025, being Saturday and Sunday respectively and March 31, 2025, was a bank holiday on account of Ramzan-Id (Id-Ul-Fitr) celebration, exchange rate was not available.

** March 29, 2024, was a bank holiday on account of Good Friday celebration. Further, March 30, 2024, and March 31, 2024, being Saturday and Sunday respectively and exchange rate was not available

FORWARD LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as ‘will’, ‘may’, ‘aim’, ‘is likely to result’, ‘believe’, ‘expect’, ‘continue’, ‘anticipate’, ‘estimate’, ‘intend’, ‘plan’, ‘contemplate’, ‘seek to’, ‘future’, ‘objective’, ‘goal’, ‘project’, ‘should’, ‘pursue’ and similar expressions or variations of such expressions, that are ‘forward looking statements’.

Further, actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in its industry and incidents of any natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

1. Uncertainty of the continuing impact of the pandemic on our business and operations;
2. General economic and business conditions in India and in the markets in which we operate and in the local, regional, and national economies;
3. Changes in laws and regulations relating to the sectors and industry in which we operate;
4. Realization of Contingent Liabilities;
5. Occurrence of uninsured losses;
6. Factors affecting the industry in which we operate;
7. Our ability to meet our capital expenditure requirements;
8. Our ability to successfully implement our growth strategy and expansion plans and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
9. Fluctuations in operating costs;
10. Our ability to attract and retain qualified personnel;
11. Our failure to keep pace with rapid changes in technology;
12. Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
13. Occurrence of natural disasters or calamities affecting the areas in which we have operations;
14. Any adverse outcome in the legal proceedings in which we/our group companies are involved;
15. Other factors beyond our control;
16. Our ability to manage risks that arise from these factors;
17. Changes in Government policies and Regulatory actions that apply to or affect our business;
18. Conflicts of interest with affiliated companies and other related parties;
19. The performance of the financial markets in India and globally.

For a further discussion of factors that could cause the actual results to differ, please refer to the section titled ‘**Risk Factors**’ beginning on page 20 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could materially differ from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance. Our Company or advisors does not have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI and BSE’s requirements, our Company shall ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permission by the BSE.

SECTION II – SUMMARY OF THE LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective Investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Letter of Offer, including the sections titled '*Risk Factors*', '*Objects of the Issue*', and '*Summary of our Business*' beginning on pages 20,36, and 17 of this Letter of Offer, respectively.

SUMMARY OF OUR BUSINESS

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, Mumbai, dated November 02, 1994 with the name Padam Cotton Yarns Limited. The Corporate Identification Number of our Company is L17112HR1994PLC033641.

Our Company is listed on the BSE Limited (BSE) effective from February 01, 1996 bearing Symbol 'PADAMCO'. The ISIN of our company is INE448D01025, and the Scrip code is 531395.

Our Company is in the business of dealing and trading of textile, garments and other allied products.

The company operates in the textile sector. The focus of the company extends to allied products in textiles and garments, alongside exploring new trends in the readymade garments sector with a strategic focus on menswear and kids wear, aiming to enhance its offerings in lifestyle products.

SUMMARY OF OUR INDUSTRY

The Indian textile industry is a vast and dynamic sector, integral to the country's economy, it is one of the largest textile manufacturing bases globally, ranking as the 6th largest exporter and holding the 2nd largest textile manufacturing capacity in the world. The industry contributes approximately 2.3% to India's GDP and employs millions directly and indirectly, showcasing its critical role in livelihood generation. India's strengths in innovation come from its adoption of sustainable and technical textiles, investments in smart textile technologies, and strong government initiatives like the Production Linked Incentive (PLI) scheme and PM MITRA Parks fostering advanced manufacturing.

Challenges such as high raw material costs, infrastructure gaps, and environmental concerns remain, but ongoing policy support and industry initiatives aim to address these. The Indian textile industry is expected to grow at a healthy rate, potentially reaching \$350 billion by 2030, reinforcing its position as a global textile hub that blends tradition with modern technology.

OUR PROMOTERS

#Mr. Padam Sain Gupta, Mrs. Prem Lata, Mrs. Radhika Gupta, Mr.Rajev Gupta, Mr.Vivek Gupta, Vivek Gupta HUF, Mr.Rekha Gupta, Rajev Gupta HUF.

#The Company has received request from the promoters on April 08, 2025 for re-classification from 'Promoters' to 'Public' category and subsequently, the Company had submitted a re-classification application to the BSE Limited, which got rejected.

INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTER AND PROMOTER GROUP WITH RESPECT TO (I) THEIR RIGHTS ENTITLEMENT; (II) THEIR INTENTION TO SUBSCRIBE OVER AND ABOVE THEIR RIGHTS ENTITLEMENT; AND (III) THEIR INTENTION TO RENOUNCE THEIR RIGHTS ENTITLEMENT, TO SPECIFIC INVESTOR

The Promoter do not hold any equity shares in the Company. The Company has applied for the re-classification of Promoters due to NIL shareholding in the Company to the BSE Limited vide application no. 229921 and the same was rejected. Further, The Promoters vide their letters dated October 09, 2025 (the "**Consent Letters**") have confirmed that they do not hold any shares in the Company as on the date and also will not acquire any Right entitlement, hence accordingly, they are neither eligible nor intend to participate in the Rights Issue.

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

ALLOTMENT OF THE UNDER-SUBSCRIBED PORTION OF THE ISSUE

Our Company does not intend to allot the under-subscribed portion of the Rights Equity Shares in this Issue to any Specific Investor(s).

DETAILS OF OUR COMPANY, PROMOTER AND DIRECTORS BEING WILFUL DEFAULTERS OR A FRAUDULENT BORROWER

Neither our Company, nor our Promoter or Directors have been identified as Wilful Defaulters or Fraudulent Borrowers as defined under the SEBI ICDR Regulations.

SUMMARY OF OUTSTANDING LITIGATIONS

As on the date of this Letter of Offer, our Company nor our Promoter or Directors have been issued any show cause notice(s) by SEBI or the Adjudicating Officer in a proceeding for imposition of penalty, nor have any prosecution proceedings been initiated against them by SEBI or other regulatory authority.

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

Sr. No.	Type of proceeding	By the Company		Against the Company	
		Number of cases	Amount involved (to the extent quantifiable)	Number of cases	Amount involved (to the extent quantifiable)
A	Involving Criminal Liability	NIL	NIL	NIL	NIL
B	Material violations of the statutory regulations	NIL	NIL	NIL	NIL
C	Economic Offence where proceedings have been initiated	NIL	NIL	NIL	NIL
D	Civil proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	NIL	NIL	NIL	NIL
E	Any other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company	NIL	NIL	NIL	NIL

Other Statutory confirmations

Except as stated below, our Company has been in compliance with the equity listing agreement and the SEBI LODR Regulations, during the three years immediately preceding the date of this Letter of Offer.

Sr. No.	Detail of non-compliance /late filing Regulation/Act involved	Penalty, if any	Managements' remark
1.	Non compliance under Reg. 18(1) and 19(1) / (2) under SEBI (LODR), Regulations, 2015 for the Quarter ended on June 2025	Rs. 45,960/- (including GST)	Our Company has submitted application for waiver and the matter remains pending with BSE
2.	Delay in compliance under Reg. 6(1) of the SEBI (LODR), Regulations, 2015 for the quarter ended on September 2025	Rs. 12,980/- (Including GST)	Our Company has paid the said fine and made compliance under Reg. 6(1) of the SEBI (LODR), Regulations, 2015.

REDRESSAL OF INVESTOR COMPLAINTS

Our Company has redressed all the complaints received from the investors until the end of the quarter on December 31, 2025 immediately preceding the month of the date of filing this Letter of Offer.

FINANCING ARRANGEMENTS

There are no financing arrangements wherein the Directors of our Company 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 six months immediately preceding the date of the Letter of Offer.

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

Our Company has not issued any Equity Shares for consideration other than cash during the last 1 (One) year immediately preceding the date of filing this Letter of Offer.

SPLIT OR CONSOLIDATION OF EQUITY SHARES IN THE LAST ONE YEAR

Our Board of directors have approved Split of shares in the meeting held on April 23, 2025 for sub-division /split of existing Equity Shares of the Company from 1(One) Equity Share having face value of ₹ 10/- (Rupees Ten Only) each fully paid up, into 10 (Ten) Equity Share of the face value of Re. 1/- (One) each fully paid up.

The post-split share capital of the Company stands at ₹ 12, 91,00,000/- (Twenty-two Crores Forty-Nine Lakhs Eighty Thousand Five Hundred Only) divided into 12,91,00,000 (Twenty-two Crores Forty-Nine Lakhs Eighty Thousand Five Hundred) equity shares of Re. 1/- each. Except the above our Company has not carried out any corporate action to split or consolidate its Equity Shares in during the last 1 (One) year immediately preceding the date of filing this Letter of Offer.

SECTION III – RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective Investors should carefully consider all the information disclosed in this Letter of Offer, including the risks and uncertainties described below and the “Financial Information” on page 49 before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with “Summary of Our Business”, on pages 17, respectively, as well as the other financial information included in this Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below.

However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries. For further information, see “Forward Looking Statements” on page 16.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements included in this Letter of Offer. For further information, see “Financial information” on page 49. In this section, unless the context otherwise requires, a reference to “our Company” on a standalone basis.

INTERNAL RISK FACTORS

1. Our Company does not have long-term agreements with any of our customers for purchasing its products and is subject to uncertainties in demand which could decrease sales and negatively affect its operating results.

We do not have any long-term contracts with our clients and any change in the business pattern of our existing clients could adversely affect the business of our Company. As a result, our customers can terminate their relationships with us due to a change in preference or any other reason on immediate basis, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products. Our Company's customers have no obligation to place order with us and may either cancel, reduce, or delay orders. The orders placed by our Company's customers are dependent on factors such as the customer satisfaction with the level of service that our Company provides, fluctuation in demand for our Company's products, customer's inventory management, amongst others. Although we have satisfactory business relations with our clients and have received continued business from them in the past, there is no certainty that the same will continue in the years to come and may affect our profitability.

2. Our inability to compete effectively in an increasingly competitive industry may adversely affect our net interest margins, income and market share.

The textile sector faces intense competition from organized and unorganized domestic players as well as cheaper imports from countries with lower production costs. Rapid changes in fashion trends and buyer preferences, especially in export markets, pose demand-side uncertainties. Failure to adapt to evolving market trends can lead to declining volumes and market share loss.

Some of our competitors may be able to price their products more attractively or may be able to distribute their products more effectively through establishing distribution networks, or may have greater access to capital, superior manufacturing techniques, research and development, marketing and other resources. Our inability to remain sufficiently competitive will adversely and materially affect our business and operating results.\

3. *Our inability to promptly identify and respond to changing customer preferences or evolving trends may decrease the demand for our merchandise among our customers, which may adversely affect our business.*

Our success depends upon our ability to forecast, anticipate and respond to the changing customer preferences and trends in a timely manner. Though we do not manufacture our products sold and procure the same through vendors and third party manufacturers, any failure by us to understand prevailing trends or to forecast changes could result in merchandise obsolescence, thereby loss of our brand image amongst our customers, which could have a material adverse effect on our business and results of operations.

4. *Our business has high working capital requirements and if we are unable to secure financing for our working capital requirements, there may be an adverse effect on our business, growth prospects and results of operations.*

Our business is capital intensive as we require adequate working capital to operate our business. We may require additional capital to fund our operations and business strategies. The amount and timing of our future funding requirements may vary and will depend largely on our working capital requirements and the nature of our capital expenditures. Furthermore, we require a significant amount of working capital to maintain optimum inventory levels of raw materials, work-in-progress and finished goods as well as to offer credit to our customers and fulfil our payment obligations towards our suppliers. All of these factors may result, and have resulted, in increase in our working capital needs.

Additionally, the failure of our customers to make timely payments could require us to write off accounts and make provisions against receivables or increase our working capital requirements, which could have a material adverse effect on our business growth and prospects, financial condition and results of operations. Further, if we are unable to provide sufficient collateral to secure the working capital facilities obtained by our Company, we may not be able to obtain the working capital facilities which may affect our business and growth prospects. The scale of operations of our business will significantly depend on quantum of working capital available to our Company.

5. *Our success depends largely upon the services of our Whole-Time Directors and other key managerial personnel and our ability to attract and retain them.*

We are dependent on our Whole-Time Director and Key Managerial Personnel for setting our strategic direction and managing our businesses. Our Company has over past years built relations with suppliers, customers and other persons who are connected with us. Accordingly, our Company's performance is dependent upon the services of our Managing Director, and other key managerial personnel. Our future performance will depend upon the continued services of these persons. Demand for key managerial personnel in the industry is intense and our inability to attract and retain key managerial personnel may affect the operations of our Company.

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

Our operations involve extending credit for extended periods of time to our customers in respect of our services, and consequently, we face the risk of non-receipt of these outstanding amounts in a timely manner or at all, particularly in the absence of long-term arrangements with customers. Our credit terms vary from 90 days to 95 days for our customers and distributors. Our inability to collect receivables from our customers in a timely manner or at all in future, could adversely affect our working capital cycle and cash flows.

Any delay in payments to us by the customers or request modifications to their payment arrangements, could increase our receivables or affect our working capital requirements, or default on their payment obligations to us. An increase in bad debts or in defaults by our customers may compel us to utilize greater amounts of our operating working capital and result in increased interest costs, thereby adversely affecting our results of operations and cash flows.

7. *Our proposed expansion plans relating to the opening of Sales Offices and godowns are subject to the risk of unanticipated delays in implementation and cost overruns.*

The setting up of new Sales Offices and godowns involves substantial capital expenditure and is subject to risk of unanticipated delays, labour shortages, and other external factors beyond our control. Additionally, we may face difficulties in obtaining necessary governmental, statutory, or regulatory approvals, and we may encounter future regulatory restrictions that could hinder our expansion efforts. Any increase in construction or operational costs could also impact our budgeted expenditure.

If our actual capital expenditures exceed our projected budgets, or if the expansion is delayed or does not proceed as intended, we may not realize the expected economic benefits. Such delays or budget overruns could negatively affect our growth, prospects, financial condition, and cash flows. Accordingly, the success of our expansion is subject to various uncertainties, and any failure to execute as anticipated could materially harm our business and financial results.

8. *We do not own registered office, one corporate office and a Sales office which are currently in use by our Company.*

We do not own our registered office, corporate office and a sales office, all of which are currently rented under separate lease agreements. In the event that we are unable to renew or comply with the terms of these leases, or if unfavorable conditions are imposed on us, our business operations may be disrupted, which could adversely affect our financial results. Failure to meet the terms of these agreements may result in liability or termination of leases. Furthermore, certain leases may not be registered, potentially affecting their enforceability in court. Our inability to maintain or renew leases on favorable terms could require us to vacate these properties and seek alternative locations, which may not be available or commercially viable.

9. *As the securities of our Company are listed on Stock Exchanges in India, our Company is subject to certain obligations and reporting requirements under, the Companies Act, 2013, the SEBI Listing Regulations and the SEBI Takeover Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.*

The Equity Shares of our Company are listed on BSE, therefore we are subject to the obligations and reporting requirements prescribed the SEBI Listing Regulations and the SEBI Takeover Regulations and the Companies Act, 2013. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.

Our Company endeavors to comply with all such obligations/reporting requirements, there may be nondisclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchanges and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares. As on the Date of Filing of LoF there is no pending prosecution and/or penalties.

10. *Our Company has not taken insurance cover hence we may not be able to protect ourselves from all losses and may in turn adversely affect our financial condition.*

Our Company has not taken any insurance cover at present. Hence, we may not be able to protect ourselves from any damage or loss suffered by us. To the extent that we suffer loss or damage, our results of operations or cash flow may be affected.

11. *Any Penalty or demand raised by statutory authorities in future will affect our financial position of the Company.*

Our Company is mainly engaged in business dealing and trading of textile, garments and other allied products which attracts tax liability such as Goods and Service Tax and other applicable provision of the Acts. However, the Company has been depositing the return under above applicable acts but any demand or penalty raised by concerned authority in future for any previous year and current year will affect the financial position of the Company.

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

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

13. *Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.*

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation is essential to our business. The reputation of our Company could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, a deterioration in service quality, or otherwise, declines our market perception and customer acceptance of our brands may also decline.

14. *Our continued success depends upon availability of adequate labour on timely basis. Any work stoppages or other labour related problems could adversely affect our business.*

We require skilled and unskilled labour for successful running of our operations. Any shortage of adequate labour due to any labour related issues may affect smooth running of our operations and we may not be able to meet our project timelines. We maintain cordial relationship with the labour and have not encountered any work stoppages and other labour problems so far.

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

Our growth strategy envisages a very strong asset size and operational income growth. However, there could be a possibility that we may not grow at a comparable rate to our growth rate in the past or the required growth rate to effectively compete in the market either in terms of profit or income. Further, such growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls and more importantly adhering to quality and high standards that meet customer expectations. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

16. *Our Company has limited ability to protect the intellectual property and may be subject to third party claims and if we are unable to protect such intellectual property, our business could be adversely affected.*

Our brand name and trademarks are crucial to our business and operations. Unauthorized use of our name or logo by third parties could harm our reputation, potentially impacting our financial performance. Our logo is not owned by our Company. Hence we will not be able to protect the intellectual property and any third party claim on the intellectual property may lead to erosion of our business value and our operations could be adversely affected. Any such litigation could be time consuming and costly and a favourable outcome cannot be guaranteed. Further, even if our trademarks are registered, we may not be able to detect any unauthorized use or infringement and cannot provide any assurance that third parties will not infringe upon our trademark, trade names logos or brand names, and thereby cause damage to our business prospects, reputation or goodwill. For more details on the trademarks registered in the name of our Company, please refer to the chapter titled “Government and other Statutory Approvals” on page 49 of the Letter of Offer.

ISSUE SPECIFIC FACTORS

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

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Shareholders will not receive any consideration for them. The proportionate ownership and

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

18. *The Rights Entitlement of Physical Shareholders may lapse in case they fail to furnish the details of their demat account to the Registrar.*

In accordance with the SEBI Circular bearing reference number 'SEBI/HO/CFD/DIL2/CIR/P/2020/13' dated January 22, 2020, the credit of Rights Entitlements and Allotment of Right Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least 1 (One) day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 03, 2018 issued by the SEBI, with effect from April 01, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

19. *SEBI has recently, by way of Rights Issue Circulars streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Letter of Offer.*

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Rights Issue Circulars and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see '*Terms of the Issue*' on page 61 of this Letter of Offer.

In accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Right 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 Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely being M/S. PADAM COTTON RIGHTS ENTITLEMENT DEMAT ESCROW ACCOUNT 2025) opened by our Company, for the Eligible Shareholders which would comprise Rights Entitlements relating to:

- (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI (LODR) Regulations; or
- (b) Equity Shares held in the account of IEPF authority; or
- (c) The demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit or credit or details of which are unavailable with our Company or with the Registrar on the Record Date; or
- (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in the physical form on the Record Date the details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or
- (e) Credit of the Rights Entitlements returned/reversed/failed; or
- (f) The ownership of the Equity Shares currently under dispute, including any court proceedings.

20. *You may be subject to Indian taxes arising out of capital gains on the sale of the Right Shares and Rights Entitlement.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian Company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any

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

21. *Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.*

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

22. *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 BSE 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 BSE. 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.

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

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

24. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.*

On listing, our Equity Shares will be quoted in Rupees on the Stock Exchange. Any dividends in respect of our Equity Shares will also be paid in Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

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

In terms of the SEBI ICDR Regulations, the Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Rights Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary,

financial, political, or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of our Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase the Rights Equity Shares at a price that will be higher than the actual market price of the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealised loss as a result. We may complete the Allotment even if such events may limit the Applicant's ability to sell our Equity Shares after this Issue or cause the trading price of our Equity Shares to decline.

26. Any future issue of Equity Shares may dilute your shareholding and sales of our Equity Shares by our major shareholders may adversely affect the trading price of the Equity Shares.

Any future equity issues by us, including in a primary offering, may lead to the dilution of investors' shareholdings in us. Any future equity issuances by us or sales of its Equity Shares by the major shareholders may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

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

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a Company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian Company than as shareholder of a corporation in another jurisdiction.

28. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Following the Issue, we will be subject to a daily "circuit breaker" imposed by BSE, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE may not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

Furthermore, prior trading prices may not be indicative of future trading values for the Rights Equity Shares. A stock exchange may halt secondary market trading in our Equity Shares due to market conditions or other reasons. Furthermore, an exchange or market may close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, all of which may have an adverse impact on our Shareholders' ability to sell their Equity Shares or the price at which Shareholders may be able to sell their Equity Shares at any given time.

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

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see "Terms of the Issue" on page 61 of this Letter of Offer. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

EXTERNAL RISK FACTORS**30. Any downturn in the macroeconomic environment in India could adversely affect our business, results of operations, cash flows and financial condition.**

India is our key market. For Fiscal 2025, entire of our Company's revenue from operations was from India. In addition, an increase in India's trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could increase interest rates and adversely affect liquidity, which could adversely affect the Indian economy and our business, results of operations, cash flows and financial condition.

31. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, in the jurisdictions in which we operate may adversely affect our business and results of operations.

Our business is subject to various laws and regulations, which are evolving and subject to change. We are also subject to corporate, taxation and other laws in effect in India, which require continued monitoring and compliance. These laws and regulations and the way in which they are implemented and enforced may change. There can be no assurance that future legislative or regulatory changes will not have any adverse effect on our business, results of operations, cash flows and financial condition.

32. Natural disasters, fires, epidemics, pandemics, acts of war, terrorist attacks, civil unrest and other events could materially and adversely affect our business.

Natural disasters (such as typhoons, flooding and earthquakes), epidemics, pandemics such as , acts of war, terrorist attacks and other events, many of which are beyond our control, may lead to economic instability, including in India, or globally, which may in turn materially and adversely affect our business, financial condition and results of operations. Our operations may be adversely affected by fires, natural disasters and/or severe weather, which can result in damage to our property or inventory and generally reduce our productivity and may require us to evacuate personnel and suspend operations.

33. Our business may be influenced by seasonal trends in the Indian economy. Any significant events or economic slowdowns during peak seasons could materially and negatively impact our operations, cash flows, and growth.

Our business may be impacted by seasonal trends in the Indian economy. Typically, the period from August to March sees a peak in retail economic activity due to various holidays, favourable weather conditions, and crop harvests. This seasonality often leads to higher business volumes. However, any significant event or economic slowdown during this peak period could materially and adversely affect our operations, cash flows, and growth.

34. Significant differences exist between Ind AS and Indian GAAP and other accounting principles, such as IFRS and US GAAP, which may be material to investors' assessments of our financial condition, result of operations and cash flows.

We have not quantified the impact of U.S. GAAP or IFRS on our financial data, nor have we provided a reconciliation of our financial statements to these standards. As U.S. GAAP and IFRS differ significantly from Ind AS and Indian GAAP, the relevance of our financial statements in this document largely depends on the reader's familiarity with Indian accounting practices. Therefore, those not familiar with Indian accounting standards should limit their reliance on the financial information presented.

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

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

SECTION IV – INTRODUCTION

THE ISSUE

This Issue has been authorised by way of a resolution passed by our Board of Directors on October 09, 2025, in pursuance of Section 62 of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio have been determined by Board of Directors at their meeting held on February 18, 2026.

The following is a summary of the Issue, which should be read in conjunction with, and is qualified in its entirety by, more detailed information in ‘*Terms of the Issue*’ on page 61 of this Letter of Offer.

Equity Shares outstanding prior to the Issue	12,91,00,000 Equity Shares;
Right Shares offered in the Issue	Up to 9,03,70,000 (Nine Crore Three lakh Seventy Thousands) Right Shares;*
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	21,94,70,000 (Twenty One Crore Ninety Four Lakh Seventy Thousand) Equity Shares;
Rights Entitlement	07 (Seven) Rights Equity Shares for every 10 (Ten) Equity Shares held on the Record Date;
Record Date	Tuesday, February 24, 2026
	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 10 (Ten) Equity Shares or is not in multiples of 10 (Ten), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Face Value per Equity Share	₹1.00/- (Rupee One Only) each;
Issue Price per Equity Share	₹ 2.07/- (Two Rupees and Zero Seven paisa only) including a premium of ₹1.07/- (One Rupees and Zero Seven paisa only per Rights Equity Share);
Issue Size	Up to ₹ 18,70,65,900/- (Rupees Eighteen Crore Seventy Lakh Sixty Five Thousands Nine Hundred only)# #Assuming full subscription, to be adjusted as per the Rights Entitlement ratio
Terms of the Issue	Please refer to the section titled ‘ <i>Terms of the Issue</i> ’ beginning on page 61 of this Letter of Offer.
Use of Issue Proceeds	Please refer to the section titled ‘ <i>Objects of the Issue</i> ’ beginning on page 36 of this Letter of Offer.
Security Code/ Scrip Details	ISIN: INE448D01025; BSE Scrip ID: PADAMCO and BSE Scrip Code: 531395; ISIN for Rights Entitlements: INE448D20017

*For Right Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Shareholders is less than 10 (Ten) Equity Shares or is not in multiples of 10 (Ten), the fractional entitlement of such Eligible Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of 01 (One) additional Rights Equity Share each, if such Eligible Shareholders have applied for additional Right Shares over and above their Rights Entitlements;

TERMS OF PAYMENT

The entire amount of the Issue Price of ₹ 2.07/- (Two Rupees and Zero Seven paisa only) per Rights Equity Share shall be payable at the time of Application.

ISSUE SCHEDULE

Issue Opening Date	Monday, March 02, 2026
Last date for On Market Renunciation of Rights	Wednesday, March 04, 2026
Issue Closing Date	Monday, March 09, 2026

GENERAL INFORMATION

Our Company was originally incorporated as a public limited company under the Companies Act, 1956 pursuant to a certificate of incorporation issued by the Registrar of Companies, NCT of Delhi and Haryana, dated November 02, 1994 with the name Padam Cotton Yarns Limited. The Corporate Identification Number of our Company is L17112HR1994PLC033641. Our Company has obtained consent of Members by passing Special Resolution in the Extra-Ordinary General meeting (EGM) held on August 08, 2025 for shifting its Registered Office from the state of Haryana to the state of Gujarat, subject to the other regulatory approvals.

Tel: 9998865217; Website: www.padamcotton.com; E-mail: cspcy16@gmail.com

Contact Person: Ms. Vidisha Vimal Hingu, Company Secretary & Compliance Officer.

Our Company is listed on the BSE Limited (BSE) effective from February 01, 1996, bearing Symbol 'PADAMCO'. The ISIN of our company is INE448D01025.

Our Company is in the business of dealing and trading of textile, garments and other allied products.

The company operates in the textile sector. The focus of the company extends to allied products in textiles and garments, alongside exploring new trends in the readymade garments sector, aiming to enhance its offerings in lifestyle products.

REGISTERED OFFICE AND CORPORATE OFFICE OF OUR COMPANY

Company	PADAM COTTON YARNS LIMITED;
*Registered Office Address	196, 1 st Floor, G.T. Road, Opp. Red Cross Market Karnal- 132001, Na, Haryana, India
Corporate Office Address	C-801, Krish Cubical, Govardhan Partyplot, Avalon Hotel Road, Sindhu Bhavan Marg, Thaltej, Ahmedabad, Gujarat, India, 380059
Contact Details	+91 9998865217
Email-ID	Cspcy16@gmail.com
Website	https://www.padamcotton.com/
Corporate Identification Number	L17112HR1994PLC033641
Registration Number	033641

*Our Company has obtained consent of Members by passing Special Resolution in the Extra-Ordinary General meeting (EGM) held on August 08, 2025 for shifting its Registered Office from the state of Haryana to the state of Gujarat, subject to the other regulatory approvals.

ADDRESS OF THE REGISTRAR OF COMPANIES**Registrar of Companies, Delhi,**

Registrar of Companies, 4th Floor, IFCI Tower, 61, Nehru Place, New Delhi – 110019

BOARD OF DIRECTORS

Name	Designation	DIN	Address
Dinesh Shivcharanbhai Shreevastav	Whole-Time Director	11030609	2-18 Ramtirth Society, Opp. Chintan Hospital, Vejalpur, Jivraj Park, Ahmedabad-380051
*Ashutosh Alaru	Non-Executive Director	07618648	96, Santosh Sagar Colony, Brahmपुरi, Jaipur-302002, Rajasthan
Anand Manoharlal Kothari	Non-Executive Independent Director	10900584	F-201, 202, Neelkanth Park-1, Nr. Ghoda Camp, Shahibaug, Ahmedabad-380004
Kinjal Jigar Shah	Non-Executive Independent Director	11031676	224 Raj Flats, Ramnagar, Sabarmati, Ambawadi society, Ahmedabad City-380005

*The Board of Directors have decided and approved the change of Category of Mr. Ashutosh Allaru (DIN: 07618648) from Non-Executive Independent Director to Non-Executive Non Independent Director of the Company w.e.f. February 09, 2026, whose office shall be liable to retire by rotation.

For further details of our Board of Directors, please refer to the section titled ‘Our Management’ beginning on page 46 of this Letter of Offer.

Company Secretary	Chief Financial Officer
<p>Mrs. Vidisha Vimal Hingu Address: C-801, Krish Cubical, Govardhan Partyplot, Avalon Hotal Road, Sindhu Bhavan Marg, Thaltej, Ahmedabad, Gujarat, India, 380059 Contact: +91 9998865217 Email: cspcyl6@gmail.com</p>	<p>Mr. Dinesh Shreevastav Address: C-801, Krish Cubical, Govardhan Partyplot, Avalon Hotal Road, Sindhu Bhavan Marg, Thaltej, Ahmedabad, Gujarat, India, 380059; Contact: +91 9998865217 Email-ID: padamcottonyarns@gmail.com</p>
Registrar to the Issue/ Registrar and Share Transfer Agent	Banker to the Issue & Refund Bank
<p>Beetal Financial & Computer Services Pvt. Ltd Address : Beetal House, 3rd Floor, 99, Madangir, Behind LSC, New Delhi, Delhi, 110062 Contact Details: 011 - 29961281-283 / 26051061 / 26051064 E-mail ID/ Investor grievance e-mail: beetalrta@gmail.com Website: https://beetal.in/ Contact Person: Puneet Mital, General Manager SEBI Registration Number: INR000000262; Validity: Permanent</p>	<p>ICICI Bank Limited Address: Capital Market Division, 163 5th Floor, HT Parekh Marg Churchgate, Mumbai - 400020 Contact Person: Mr. Varun Badai E-mail ID: varun.badai@icicibank.com Website: www.icicibank.com Contact Details: 022- 68052182 SEBI Registration Number: INBI00000004 CIN Number: L65190GJ1994PLC021012 Validity: Permanent</p>
Statutory & Peer Review Auditor (From The F.Y. 2025-26)	
<p>M/s. SVJK & Associates Chartered Accountants (From FY 2025-2026) Address : 908, PHOENIX. OPP COMMERCE SIX METRO STATION, NR. COMMERCE SIX ROADS, NAVRANGPURA, AHMEDABAD 380009 Contact name : Ankit Singhal Membership no.: 151324 Firm Regn No. : 135182W Email Id: info.caadvisors@gmail.com Contact details: 079-46041102</p>	

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES

Padam Cotton Yarns Limited will be responsible for all the responsibilities related to co-ordination and other activities in relation to this Issue. Hence a statement of inter-se allocation of responsibilities is not required.

SELF-CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Shares Allotted.

CONTACT PERSON FOR GRIEVANCES RELATING TO ISSUE RELATED MATTER

Investors may contact the Registrar or the Directors of our Company 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 Rights 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, please refer to the section titled '*Terms of the Issue*' beginning on page 61 of this Letter of Offer.

EXPERT

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

Our Company has received a written consent from our Statutory Auditors, M/s SVJK & Associates., Chartered Accountants to include their name in this Letter of Offer and as an 'expert', as defined under Section 2 (38) of the Companies Act, 2013, to the extent and in their capacity as statutory auditor of our Company and in respect of the inclusion of the Limited Review Report dated November 05, 2025 on our Un-Audited Financial Statements for the Half Year ended on September 30, 2025 and the statement of special tax benefits dated October 09, 2025 respectively, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer.

SELF-CERTIFIED SYNDICATE BANKS

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

ISSUE SCHEDULE

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

Last Date for credit of Rights Entitlements	Thursday, February 26, 2026
Issue Opening Date	Monday, March 02, 2026
Last Date for On Market Renunciation of Rights Entitlements#	Wednesday, March 04, 2026
Issue Closing Date*	Monday, March 09, 2026
Finalization of Basis of Allotment (on or about)	Tuesday, March 10, 2026
Date of Allotment (on or about)	Tuesday, March 10, 2026
Date of credit (on or about)	Wednesday, March 11, 2026
Date of listing (on or about)	Thursday, March 12, 2026

Note: #Eligible 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 will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares who have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Offer not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., Monday, March 09, 2026 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 (One) day before the Issue Closing Date, i.e., Monday, March 09, 2026 .

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the Applications are submitted well in advance before the Issue Closing Date. For details on submitting Application Forms, please refer to the section titled "*Terms of the Issue*" beginning on page 61 of this 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 to the Issue after keying in their respective details along with other security control measures implemented there at. For further details, please refer to the paragraph titled see “*Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” under the section titled “*Terms of the Issue*” beginning on page 61 of this Letter of Offer.

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

CREDIT RATING

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

DEBENTURE TRUSTEE

As this proposed Issue is of Right Shares, the appointment of debenture trustee is not required.

MONITORING AGENCY

Our Company has appointed Infomerics Valuation and Rating Ltd. to monitor the utilization of the Gross Proceeds in terms of Regulation 82 of the SEBI ICDR Regulations.

Name: Infomerics Valuation and Rating Ltd.

ADD: 1102-1104, B-Wing, 11th Floor, Kanakia Wall Street, off. Andheri Kurta Road, Andheri East, Mumbai – 400093, India

Contact Person: Amit Srivastava

Telephone number: +91 8097731498

E-mail: amit.srivastava1@infomerics.com

Website: <https://www.infomerics.com/>

SEBI Registration No.: IN/CRA/007/2015

APPRAISING ENTITY

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

UNDERWRITING

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

FILING

Pursuant to the amendments to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025 made effective from April 7, 2025, this Letter of Offer has been filed with the Stock Exchanges for issue process and with SEBI/Board for information and dissemination at its head office situated at:

SEBI Bhavan,
Plot No. C4-A, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai 400 051,
Maharashtra, India.

MINIMUM SUBSCRIPTION

In accordance with Regulation 86 of SEBI (ICDR) Regulations, if the issuer Company does not receive the minimum subscription of at least 90% of the Issue of the Equity Shares being offered under this Issue, on an aggregate basis, the issuer Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date. If there is delay in making refunds beyond such period as prescribed by applicable laws, the Issuer Company will pay interest for the delayed period at rates prescribed under applicable laws.

Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020, the issuer Company is not required to achieve minimum subscription for the Rights Issue in case of the following reason:

1. Objects of the issue being other than capital expenditure for a project; and
2. Promoter and Promoter Group have confirmed that they will subscribe to their right entitlement and will not renounce rights except to the extent of renunciation within the promoter group or to the specific investor(s) as disclosed by the issuer in terms of these regulations.

The Object of the proposed issue are to meet the existing and incremental working Capital requirements and General corporate purposes and do not involve financing of capital expenditure for a project. However, our Promoters vide their letters dated October 09, 2025 (“Intention Letters”) indicated that they do not hold shareholding in the Company and will not subscribe fully to their portion of right entitlement and that they will not renounce their rights entitlements. Accordingly, in terms of the first proviso to the regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is applicable to the Issue.

CAPITAL STRUCTURE

The capital structure of our Company and related information as on date of this Letter of Offer, prior to and after the proposed Issue, is set forth below:

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorized Equity Share capital		
22,00,00,000 (Twenty Two Crore Rupees Only)	₹ 22,00,00,000/-	-
Issued, subscribed and paid-up Equity Share capital before this Issue		
12,91,00,000 (Twelve crore Ninety One Lakh) Equity Shares.	₹ 12,91,00,000/-	-
Present Issue in terms of this Letter of Offer^(a) (b)		
Issue of 9,03,70,000 (Nine Crore Three lakh Seventy Thousand) Equity Shares, each at a price of ₹ 2.07/- (Two Rupees and Zero Seven paise only) per equity share including a premium of ₹ 1.07/- (One Rupee and Zero Seven Paise only) per Equity Share		₹ 18,70,65,900 /-
Issued, subscribed and paid-up Equity Share capital after the Issue		
21,94,70,000 (Twenty One Crore Ninety Four Lakh Seventy Thousands) Equity Shares		₹ 21,94,70,000/-
Subscribed and paid-up Equity Share capital		
21,94,70,000 (Twenty One Crore Ninety Four Lakh Seventy Thousands) Equity shares fully paid-up Equity Shares		₹ 21,94,70,000 /-
Securities premium account		
Before the Issue		₹ 0/-
After the Issue		₹ 9,66,95,900 /-

Notes:

The Authorized Shares Capital of the Company is 22,00,00,000/- (Rupees Twenty Two Crores only) divided into 22,00,00,000 (Twenty Two Crores) Equity Shares of ₹ 1/- (Rupee One only) each, with the rights, privileges and conditions attached thereto as are provided by the Articles of Association of the Company for the time being with power to increase and reduce the Capital of the Company and to divide the Shares in the Capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided by the Articles of Association of the Company.

(a) Assuming full subscription for allotment of Right Shares;

The present Issue has been authorized by our Board of Directors pursuant to the resolution passed in their meeting conducted on October 09, 2025

(b) Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses;

NOTES TO THE CAPITAL STRUCTURE

- The Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer;
- At any given time, there shall be only one denomination of the Equity Shares. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time;
- As on the date of this Letter of Offer, our Company has not issued any special voting Right Shares and there are no outstanding Equity Shares having special voting rights;
- The ex-rights price arrived in accordance with the formula prescribed Regulation 10 (4) (b) (ii) of the SEBI (SAST) Regulations, in connection with the Issue is ₹ 3.29 /- (Rupees Three and Twenty Nine Paise Only);
- Details of outstanding warrants, outstanding instruments with an option to convert or securities which are convertible at a later date into Equity Shares**

As on the date of this Letter of Offer, our Company does not have any outstanding warrants, outstanding instruments with an option to convert or securities which are convertible at a later date into Equity Shares;

6. Details of stock option scheme of our Company

As on the date of this Letter of Offer, our Company does not have a stock option scheme;

7. As on the date of this Letter of Offer, None of the Equity Shares held by the members of the Promoter and Promoter Group of the Company are locked-in, pledged and encumbered

8. Details of Equity Shares acquired by the promoter and promoter group in the last one year prior to the filing of this Letter of Offer

None of the members of the Promoter and Promoter Group of the Company have acquired any Equity Shares in the last one year prior to the filing of this Letter of Offer;

It is to be informed that the Promoters shown under the shareholding pattern filed by the Company does not hold any equity shares in the Company.

9. Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations:

a. The shareholding pattern of our Company as on December 31, 2025 can be accessed on the website of the BSE at:

<https://www.bseindia.com/stock-share-price/padam-cotton-yarnsltd/padamco/531395/qtrid/128.00/shareholding-pattern/Dec-2025/>

b. The statement showing holding of Equity Shares of the person belonging to the category “Promoter and Promoter Group” including details of lock- in, pledge of and encumbrance thereon, as on December 31, 2025 can be accessed on the website of the BSE at:

<https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531395&qtrid=128.00&QtrName=Dec-25>

c. The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “Public” including Equity Shareholders holding more than 1% of the total number of Equity Shares as on December 31, 2025 can be accessed on the website of the BSE at:

<https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531395&qtrid=128.00&QtrName=Dec-25>

OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilized by our Company for the objects set out below (“Objects”).

1. To augment the existing and incremental working Capital requirements and
2. General corporate purposes.

The main objects and the objects incidental and ancillary to the main objects of our MOA enable our Company to undertake the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our MOA.

NET PROCEEDS

The details of the Issue Proceeds are set forth in the table below: (In Lakhs)

Particulars	Amount
Gross Proceeds from the Issue**	1870.659
Less :Estimated Issue related Expenses	75.000
Net Proceeds from the Issue#	1795.695

**The issue size will not exceed Rs. 1870.659 Lakhs. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes.

#Assuming full subscription in the Issue, subject to the finalization of the Basis of Allotment and receipt of all Call Monies with respect to Rights Issue.

Requirement of Funds and utilization of Net Proceeds

The proposed utilization of the Net Proceeds by our Company is set forth in the following table: (In Lakhs)

Particulars	Amount
To augment the existing and incremental working capital requirement of our company	1534.000
General Corporate Purpose#	261.659
Total Net proceeds*	1795.695

#The amount is subject to adjustment upon finalization of Issuer elated expenses, however, in no events shall general corporate purposes exceed 25% of the Gross Proceeds.

*Assuming full subscription in this Issue and subject to finalization of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio. There are no existing or anticipated transactions in relation to utilization of Net Proceeds with our Promoters, Directors, Key Managerial Personnel or associate companies (as defined under Companies Act, 2013).

MEANS OF FINANCE

The funding requirements mentioned above are based on our Company’s internal management estimates and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our management, However, any flexibility granted to the board/management to utilize the issue proceeds shall be exercised in full compliance with all applicable laws and regulations. If additional funds are required for the purposes as mentioned above, such requirements may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws.

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

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of

implementation and deployment of funds set forth in the table below:

(In Lakh)

Sr. No.	Particulars	Amount to be deployed from Net Proceeds	Estimated deployment to Net Proceeds
			FY 2025-26
1.	To augment the existing and incremental working capital requirement of our company	1534.000	1534.000
3.	General Corporate Purposes [#]	261.659	261.659
	Total Net Proceeds*	1795.695	1795.695

[#]The amount to be utilized for General Corporate Purposes will not exceed 25% of the Gross Proceeds.

*Assuming full subscription in the Issue, subject to finalization of the Basis of Allotment, receipt of Call Monies with respect to Rights Issue and to be adjusted per the Rights Entitlement ratio.

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 as per applicable law.

Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board in compliance with all applicable laws and regulations. If additional funds are required for the purposes mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Our Company may utilize any portion of the Net Proceeds, towards the aforementioned objects of the Issue, ahead of the estimated schedule of deployment specified above. Further, in the event, the Net Proceeds are not utilized (in full or in part) for the objects of the Issue during the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized in subsequent periods as may be determined by our Company, in accordance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in a scheduled fiscal year is not completely met, the same shall be utilised in the next fiscal year, as may be determined by our Company, in accordance with applicable laws.

DETAILS OF THE OBJECTS

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

Details of Estimation of Working Capital requirement are as follows:

1. To Augmentation the existing and incremental working capital requirement:

As we operate in a competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances, business or strategy, foreseeable opportunity. Consequently, our fund requirements may also change.

Basis of estimation of working capital requirement and Details of Projected Working Capital Requirement

(₹ in Lakh)

Particulars	Fiscal 2023-24 (Audited)	Fiscal 2024-25 (Audited)	Fiscal 2025-26 (Projected)	Fiscal 2026-27 (Projected)
Current Assets				
Inventories	-	-	908.54	1835.48
Trade Receivables	-	1328.46	1508.42	2933.03
Cash and Bank Balance	105.00	19.45	150.35	171.34

Other Current Assets	12.02	10.08	154.52	484.37
Total (A)	117.02	1357.99	2721.83	5424.22
Current Liabilities				
Trade Payables	-	1036.43	401.23	514.34
Other Current Liabilities	2.03	55.56	50.42	59.63
Short Term Provision	-	228.00	363.22	585.05
Total (B)	2.03	1319.99	814.87	1159.02
Total Working Capital (A)-(B)	114.99	38.00	1906.96	4265.20
Funding Pattern				
<i>Incremental Working Capital</i>			1868.96	
<i>I) Internal Accruals</i>	-	-	334.96 [#]	-
<i>II) Proceeds from right issue</i>	-	-	1534.00 ^{##}	-

* As certified by M/s SVJK & Co., Chartered Accountants, Statutory Auditor of our Company vide their certificate February 18, 2026.

Rs. 1868.96 Lakhs is total Incremental working capital Gap, Rs. 334.96 Lakhs, the Company will utilize from its internal accruals from profit towards working capital, net working capital required from this issue is Rs. 1534 lakhs.

Key assumptions for working capital projections made by our Company (Holding Levels):

Particulars	Fiscal 2023-24 (Audited)	Fiscal 2024-25 (Audited)	Fiscal 2025-26 (Projected)	Fiscal 2026-27 (Projected)
Inventories (In Days)	-	-	29.97	45.24
Trade Receivable (In Days)	-	170.51	70.68	54.59
Trade Payable (In Days)	-	161.75	47.42	17.67

Justification:

Particulars	Assumption made and Justification
Current Assets	
Inventories	<p>Assumption made: Inventory to be carried = 2 months of expected sales at cost for each new sales office during first 12 months (projected inventory days = 55 to 60 days). Seasonal buffer of +15–30% during peak season.</p> <p>Justification: Apparel trading requires variety (menswear & kidswear SKUs). New offices (Ahmedabad, and Delhi) must stock adequate assortments. Lead times and promotional campaigns justify 60 days base stock plus safety buffer</p>
Trade Receivable	<p>Assumption made: Typical credit to channel partners = 90 days. Projected receivable days = 60.</p> <p>Justification: Retailers/distributors commonly operate on Net 60–Net 90. New geographies require initial longer credit periods to build relationships</p>

Current Liabilities	
Trade Payable	Assumption made: Supplier credit of 30 days initially. Projected payable days=30. Justification: Vendors typically allow short credit to new buyers; longer terms (45–60 days) achievable once volumes/relationships grow

Justification of increase in working capital requirement:

Padam Cotton Yarns Limited is expanding into trading of textile garments, with a strategic focus on menswear and kids wear. As part of this expansion, the Company plans to establish new sales offices in Ahmedabad and Delhi. This expansion into multiple metropolitan and tier-2 markets will require significant augmentation of working capital. The justification for this increase is explained in detail below;

1. **Initial Inventory Stocking:** Each new sales office will require an initial assortment of inventory covering multiple categories, sizes, and designs in both menswear and kids wear. Since garment trading demands high SKU variety, the stocking requirement is higher than in commodities. We have assumed 60 days of cost of sales as base inventory. In addition, given the seasonal nature of the apparel industry (Diwali, wedding season, back-to-school, festive sales), the Company must maintain a seasonal buffer of 15–30% to avoid stock-outs during high demand. This results in a higher upfront working capital requirement in FY 2025–26 compared to historical operations.
2. **Extended Cash Conversion Cycle:** In trading operations, receivables form a large component of working capital. The Company anticipates granting credit of 60–90 days to retailers, distributors, and wholesalers in order to gain market share and establish long-term relationships. In the initial years of expansion, average receivable days are expected at ~90 days, which is higher than the current cycle. This increases the absolute receivable balances, thereby requiring higher working capital funding.
3. **Operating and Establishment Costs:** Setting up new sales offices involves fixed costs such as rental deposits, fit-outs, office equipment, IT infrastructure, and hiring of sales and support staff. In addition, recurring expenses such as payroll, marketing campaigns, and statutory compliances must be funded. The Company proposes to maintain a buffer equivalent to 2–3 months of fixed operating costs per office to ensure smooth operations without reliance on short-term borrowing. This buffer is reflected in higher working capital requirements.
4. **Supplier Advances and GST Credits:** In the initial stages, suppliers are likely to demand advance payments of 10–25% of order value until stable trade relationships are built. Furthermore, GST input credits are typically realized with a lag of 30–90 days, which temporarily locks up funds and inflates working capital. These two elements add to the net incremental working capital requirement.
5. **Limited Credit from Vendors:** While the Company will work to negotiate favorable credit terms, vendors usually provide only 30 days credit to new buyers. Payable days are therefore conservatively assumed at 30, which offsets only a part of the inventory and receivable buildup, Further the company wishes to gain cash discount by making earlier payments to suppliers this will also boost company's Goodwill among vendors. Until supplier confidence is built and volumes increase, trade payables will remain limited, necessitating additional working capital infusion.
6. **Strategic Justification:** The increase in working capital is not only an operational necessity but also a strategic enabler. It allows the Company (i) to penetrate new markets effectively, (ii) to support revenue growth without supply disruptions, (iii) to build strong relationships with channel partners through flexible credit terms, and (iv) to maintain financial discipline by reducing dependence on costly short-term borrowings. The proposed rights issue ensures that the increased working capital requirement is funded through equity, thereby strengthening the balance sheet.

In conclusion, the increase in working capital is justified as it directly supports the Company's growth in garment trading, ensures smooth operations in new markets, and provides the financial flexibility needed to achieve projected sales and profitability targets.

2. 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 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 utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, (a) funding growth opportunities, (b) employee expenses, (c) meeting of exigencies which our Company may face in the course of any business, (d) advertising, brand building and other marketing expenses, (e) additional Issue expenses, if any, and any other purpose in the ordinary course of business as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with applicable laws.

Our management will have flexibility in utilizing the proceeds earmarked for general corporate purposes towards the object of this issue. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals towards the object of the Issue.

ISSUE EXPENSES

Our Company will need approximately ₹ 75.00 lakhs towards Issue related expenses, a break-up of the same is set forth in the table below:

(Rs. in Lakhs)

Particulars	Estimated Amount*(₹ in lakhs)	As a percentage of total estimated Issue expenses*	As a percentage of Gross Issue size*
Fee Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	23.29	31.05	1.25
Fees to Intermediaries (including RTA, Legal Advisor, Bank, Monitoring Agency & Others)	30.00	40.00	1.60
Brokerage & Banking Charges	0.80	1.07	0.04
0.05 Advertisement & Printing Expenses	8.68	11.57	0.46
Miscellaneous expenses	12.23	16.31	0.65
Total estimated issuer-related expenses	75.00	100%	4.00%

*Assuming full subscription, subject to receipt of Call Monies with respect to Rights Issue, finalization of Basis of Allotment and actual Allotment.

All Issue related expenses will be paid out of the Gross Proceeds from the Issue. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be borne by the Company from internal accruals.

SOURCES OF FINANCING OF FUNDS ALREADY DEPLOYED

As on date, our Company has not deployed any funds towards the Objects of the Issue.

APPRAISAL OF THE OBJECTS

None of the Objects of the Issue for which the Net Proceeds will be utilised have been appraised by any bank or financial institution.

STRATEGIC AND/OR FINANCIAL PARTNERS

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

BRIDGE FINANCING FACILITIES

As on the date of this Letter of Offer, our Company has not raised or availed of any bridge financing facilities which are subject to being repaid from the Issue Proceeds.

INTERIM USE OF FUNDS

Our Company will have the flexibility to deploy the Net Proceeds in accordance with the policies established by our Board from time to time and in compliance with all the applicable laws. Pending utilization for the purposes described above, our Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by our Board of Directors or a duly constituted committee thereof. In accordance with the Companies Act, our Company confirms that pending utilization of the Net Proceeds towards the stated objects of the Issue, our Company shall not use/deploy the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

MONITORING OF UTILIZATION OF FUNDS

Our Company has appointed Infomerics Valuation and Rating Limited as the Monitoring Agency for the Issue to monitor the utilization of Gross Proceeds. The Monitoring Agency shall submit a report to our Board, till 100% of the Gross Proceeds has been utilised, as required under the SEBI ICDR Regulations. Our Company will disclose the utilization of the Gross Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Gross Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges.

As per the requirements of Regulations 18(3) read with Part C of Schedule II of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses / application of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Statutory Auditor

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Gross Proceeds. Further, pursuant to Regulation 32(5) of the SEBI LODR Regulations, our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor(s) of our Company or a peer reviewed independent chartered accountant, which shall be submitted by our Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Directors' report, after placing it before the Audit Committee

VARIATION IN OBJECTS

In accordance with applicable provisions of the Companies Act, 2013 and applicable rules, except in circumstances of business exigencies, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the 'Postal Ballot Notice') shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice will simultaneously be published in the newspapers, one in English and one in the vernacular language of the jurisdiction where the Registered Office is situated.

KEY INDUSTRY REGULATIONS FOR THE OBJECTS OF THE ISSUE

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

OTHER CONFIRMATIONS

There are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds without Directors, or Key Managerial Personnel of our Company in the ordinary course of business and no part of the Net Proceeds will be paid as consideration to any of them. Further, except as disclosed, none of our Directors are interested in the Objects of the Issue.

INTEREST OF PROMOTERS, PROMOTER GROUP AND DIRECTORS, AS APPLICABLE TO THE PROJECT OR OBJECTS OF THE ISSUE

None of our Promoters, members of the Promoter Group and Directors have any interest in the objects of the Issue. No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, Directors and Key Managerial Personnel of our Company.

[THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]

CERTIFICATE ON STATEMENT OF TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS**Statement of Possible Special Tax Benefits available to the Company and its Shareholders**

To,
The Board of Directors
Padam Cotton Yarns Limited
196, 1st Floor, G.T. Road,
Opp. Red cross market, Karnal- 132001,
Haryana, India

Re: Proposed Rights Issue of face value of Rs. 1/- each ('Equity Shares') up to an aggregate amount upto Rs. 32,40,00,000/- (Rupees Thirty Two Crore and Forty lacs Only) of Padam Cotton Yarns Limited (the "Company") pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations") and the Companies Act, 2013, as amended (the 'Act').

Dear Sirs,

We S V J K and Associates, Chartered Accountants, (Firm Registration No. 135182W) the Statutory Auditors of the Company hereby report that the enclosed Statement prepared by Padam Cotton Yarns Limited (the "Company") states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made from time to time (hereinafter referred to as "Income Tax Laws"), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975 as amended, the rules and regulations there under, Foreign Trade Policy (herein collectively referred as "Indirect Tax Laws"), presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer and the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which are based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

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

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

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

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

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

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

The contents of the enclosed Statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue

authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally Judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

We will not be liable to any other person in respect of this Statement.

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

For M/s. S V J K and Associates,

Chartered accountants

Firm reg. No. – 135182W

Sd/-

CA Ankit Singhal

Partner

Membership no. 151324

UDIN: 25151324BMOCBT8951

Date: 09th October, 2025

Place: Ahmedabad

Annexure-I**ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO PADAM COTTON YARNS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS****I. UNDER THE INCOMETAX LAWS****1. Special tax benefits available to the Company**

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders

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

Notes:

- A. The above Statement sets out the provisions of law in a summarized manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- B. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- C. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2026-27.
- D. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.

II. UNDER THE INDIRECT TAX LAWS**1. Special tax benefits available to the Company under the Indirect Tax Laws**

There are no special tax benefits available under Goods and Services Tax Act to the Company.

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

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

Notes:

- A. The above statement is based upon the provisions of the specified Indirect Tax Laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- B. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- C. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

OUR MANAGEMENT**BOARD OF DIRECTORS**

As on date of this Letter of Offer, our Company currently has 5 (Five) Directors on its Board, of which 3 (Three) are Independent Directors. The present composition of our Board of Directors and its committees are in accordance with the corporate governance requirements provided under the Companies Act and SEBI (LODR) Regulations, to the extent applicable.

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

Name, Designation, Address, Occupation, Term, Nationality, Date of Birth and DIN	Age	Other directorships
MR. DINESH SHREEVASTAV <i>Designation:</i> Whole-Time Director <i>Address:</i> 2-18 Ramtirth Society, Opp. Chintan Hospital, Vejalpur, Jivraj Park, Ahmedabad-380051 <i>Occupation:</i> Business <i>Current Term:</i> Appointed for a period of Five consecutive years <i>Date of Appointment</i> Since April 01, 2025 <i>Nationality:</i> Indian <i>Date of Birth:</i> 08-03-1962 <i>DIN:</i> 11030609	63 years	NIL
*MR. ASHUTOSH ALARU <i>Designation</i> Non-Executive Director <i>Address</i> 96, Santosh Sagar Colony, Brahmpuri, Jaipur-302002, Rajasthan <i>Occupation</i> Business <i>Current Term</i> Appointment of first term for 5 years <i>Date of Appointment</i> Since January 09, 2025; <i>Nationality</i> Indian <i>Date of Birth</i> 21-06-1979 <i>DIN</i> 07618648	46 years	NIL
MR. ANAND MANOHARLAL KOTHARI <i>Designation</i> Non-Executive - Independent Director <i>Address</i> F-201, 202, Neelkanth Park-1, Nr. Ghoda Camp, Shahibaug, Ahmedabad-380004 <i>Occupation</i> Business <i>Current Term</i> Appointment of first term for 5 years <i>Date of Appointment</i> Since January 09, 2025 <i>Nationality</i> Indian <i>Date of Birth</i> 01/03/1990 <i>DIN</i> 0900584	35 years	NIL
MRS. KINJAL JIGAR SHAH <i>Designation</i> Non-Executive - Independent Director <i>Address</i> 224 Raj Flats, Ramnagar, Sabarmati,	36 years	NIL

<i>Occupation</i>	Ambawadi society, Ahmedabad City-380005		
<i>Current Term</i>	Business		
<i>Date of Appointment</i>	Appointment of first term for 5 years		
<i>Nationality</i>	Since April 11, 2025		
<i>Date of Birth</i>	Indian		
<i>DIN</i>	15/11/1989		
	11031676		

*The Board of Directors have decided and approved the change of Category of Mr. Ashutosh Allaru (DIN: 07618648) from Non-Executive Independent Director to Non-Executive Non Independent Director of the Company w.e.f. February 09, 2026, whose office shall be liable to retire by rotation.

Confirmation:

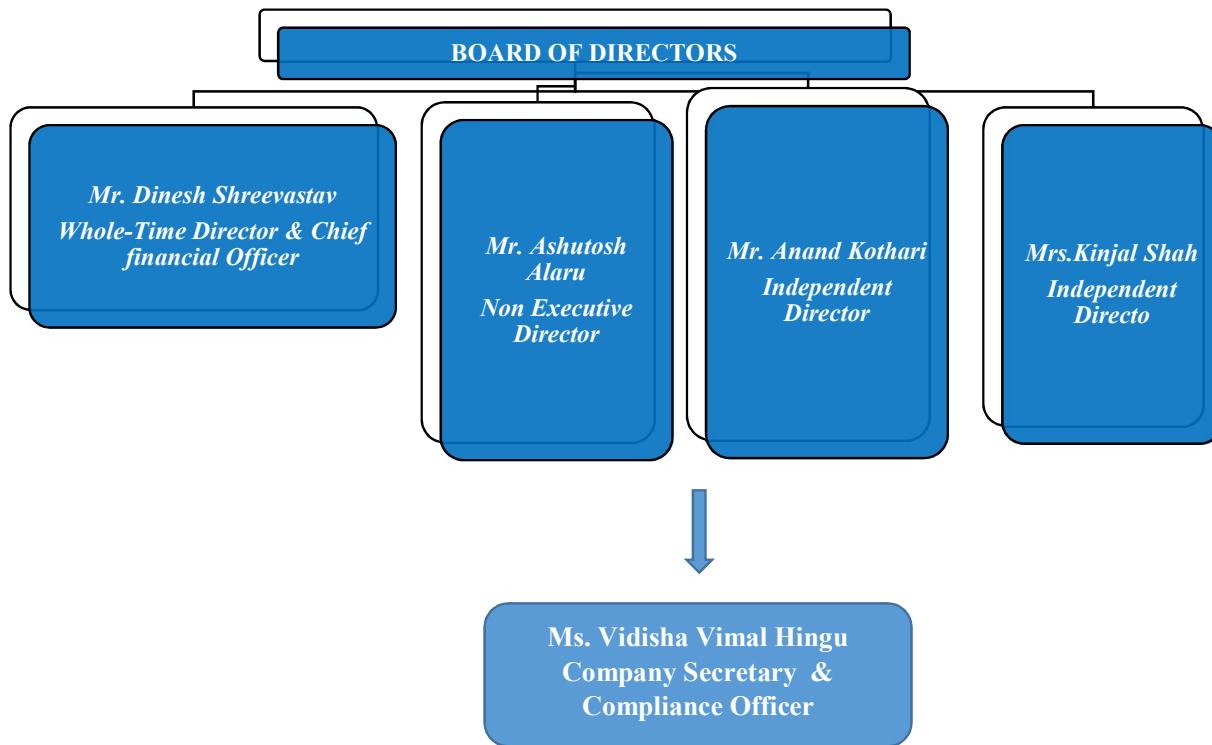
- None of our Directors are, or were a director of any listed company, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorships in such companies during the last 5 (Five) years preceding the date of this Letter of Offer.
- Further, none of our Directors are or were a director of any listed company, which has been, or was delisted from any stock exchange during the term of their directorship in such Company during the last 10 (Ten) years preceding the date of this Letter of Offer.

Details of service contracts entered with Directors

Our Company has not entered into any service contracts with the present Board of Directors for providing benefits upon termination of employment.

KEY MANAGERIAL PERSONNEL

Status of Key Managerial Personnel		Age (Years)
MR. DINESH SHREEVASTAV		63 years
<i>Designation</i>	Chief Financial Officer	
<i>Address</i>	C-801, Krish Cubical, Govardhan Partyplot, Avalon Hotal Road, Sindhu Bhavan Marg, Thaltej, Ahmedabad, Gujarat, India, 380059	
<i>Date of Appointment</i>	April 11, 2015	
<i>Nationality</i>	Indian	
<i>Educational Qualification</i>	PG Diploma in Business Management, a PG Diploma in Business Accounting from Hurlstone Marrickville Business College Sydney Australia, and a Bachelor of Engineering in Mechanical Engineering (Bangalore University)	
MS. VIDISHA VIMAL HINGU		39 years
<i>Designation</i>	Company Secretary & Compliance Officer	
<i>Address</i>	C-801, Krish Cubical, Govardhan Partyplot, Avalon Hotal Road, Sindhu Bhavan Marg, Thaltej, Ahmedabad, Gujarat, India, 380059	
<i>Date of Appointment</i>	October 17, 2025	
<i>Nationality</i>	Indian	
<i>Educational Qualification</i>	Master of Commerce and a qualified Company Secretary	

ORGANISATIONAL STRUCTURE

SECTION VI: FINANCIAL INFORMATION

SUMMARY OF FINANCIALS

The Audited Standalone Financial Statements of our Company for the year ended March 31, 2025, and March 31, 2024, and the half yearly financial results (Limited Reviewed by the Auditors) for the quarter and Half Year ended on September 30, 2025 can be accessed on the website of our Company and BSE Ltd. at (www.padamcotton.com and/or www.bseindia.com).

The following table sets forth the summary of financials for the Half Year ended on September 30, 2025 and for the year ended March 31, 2025 & March 31, 2024 derived from the Audited Consolidated Financial Statements are as follows:

Particulars	Half Year ended September 30, 2025 (Un- Audited – Limited Reviewed)	March 31, 2025 (Audited)	March 31, 2024 (Audited)
Total income from operations	1742.75	2521.17	16.07
Net profit/loss before tax and extraordinary items	320.86	1307.68	-177.01
Net profit/loss after tax and extraordinary items	224.48	1307.68	233.65
Equity share capital	1291.00	1291.00	387.30
Reserves and surplus	824.67	397.25	313.62
Net worth	2115.67	1688.25	700.92
Basic Earnings per share	1.74	21.51	4.28
Diluted Earnings per share	1.74	21.51	4.28
Return on net worth	10.61	68.78	23.58
Net Asset Value per Share	1.63	1.31	18.04

LIMITED REVIEW REPORT

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

**To,
The Board of Directors,
PADAM COTTON YARNS LIMITED,**

1. We have reviewed the accompanying statement of Standalone unaudited financial results of **PADAM COTTON YARNS LIMITED**, for the quarter ended 30th September, 2025, ("the statement") attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on this Statement based on our review.

2. Management's Responsibility for the statement:

This Statement which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard (Ind AS) 34 on 'Interim Financial Reporting', prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

3. Auditor's Responsibility:

We conducted our review 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. Those standards require that we plan and perform the review to obtain reasonable assurance about whether the financial results are free of material misstatement(s). A review is limited primarily to inquire 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.



908, Phoenix, Opp Commerce Six Metro Station, Near Vijay Cross Roads, Navrangpura, Ahmedabad - 380009.
Email: info@svjkadvisors.com Website: www.svjkadvisors.com Contact: 079-4604-1102

4. Conclusion:

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of unaudited financial results prepared in accordance with applicable accounting standards i.e. Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the Securities and Exchange Board of India (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, S V J K and Associates
Chartered Accountants
FRN: 135182W

Reeturaj



Reeturaj Verma
Partner
M. No.: 193591
UDIN: 25193591BMJGQR1061

Date: 05th November, 2025
Place: Ahmedabad

PADAM COTTON YARNS LIMITED		
REGD. OFFICE :- E96, 1st Floor, G.T. Road, Opp. Red Cross Market, Karnal, Haryana - 132001.		
CIN: L17112HR1994PLC03641		
UN-AUDITED STATEMENT OF ASSETS AND LIABILITIES AS AT SEPTEMBER 30, 2025		
(₹ in Lakhs)		
Particulars	As at 30.9.2025	As at 31.03.2025
A ASSETS		
1 Non-Current Assets		
(a) Property, Plant and Equipment	0.51	0.58
(b) Capital work-in-progress	-	-
(c) Other Intangible Assets	0.42	0.60
(d) Right-of-use Assets	44.88	45.73
(e) Financial Assets	-	-
(i) Investments	-	-
(ii) Trade Receivables	1,559.68	1,640.71
(iii) Loans	-	0.99
(iv) Others	0.02	-
(f) Deferred Tax Assets (net)	-	-
(g) Other Non-Current Assets	-	-
Sub-Total - Non-Current Assets	1,605.52	1,688.61
2 Current Assets		
(a) Inventories	414.09	-
(b) Financial Assets	-	-
(i) Investment	-	-
(ii) Trade Receivables	2,769.23	1,328.46
(iii) Cash and Cash Equivalents	27.09	19.45
(iv) Bank Balances other than (iii) above	-	-
(v) Loans	-	-
(vi) Others (to be specified)	-	-
(c) Current Tax Assets (Net)	8.45	10.09
(d) Other Current Assets	-	-
Sub-Total - Current Assets	3,218.87	1,358.00
TOTAL - ASSETS	4,824.40	3,046.61
B EQUITY AND LIABILITIES		
1 Equity		
(a) Equity Share Capital	1,291.00	1,291.00
(b) Other Equity	824.67	397.25
Sub-Total - Equity	2,115.67	1,688.25
Liabilities		
Non-Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	4.92	-
(ii) Trade Payables	-	-
(iii) Other Financial Liabilities (other than those specified in item (b), to be specified)	38.36	38.36
(b) Provisions	-	-
(c) Deferred Tax Liabilities (Net)	-	0.01
(d) Other Non-Current Liabilities	-	-
Sub-Total - Non Current Liabilities	43.28	38.37
2 Current Liabilities		
(a) Financial Liabilities		
(i) Borrowings	-	-
(ii) Trade Payables	-	-
Due to MSME	2,244.92	1,036.43
Due to Other	7.25	7.25
(iii) Other Financial Liabilities	37.56	48.31
(b) Other Current Liabilities	-	-
(c) Provisions	375.71	238.00
(d) Current Tax Liabilities (Net)	2,665.44	1,319.99
Sub-Total - Current Liabilities	2,665.44	1,319.99
TOTAL - EQUITY AND LIABILITIES	4,824.40	3,046.61

For, PADAM COTTON YARNS LIMITED




Place: Ahmedabad
Date: 05th November, 2025

PADAM COTTON YARNS LIMITED							
REGD. OFFICE - 196, 1st Floor, G. T. Road, Opp. Red Cross Market, Ramnagar, Baryana - 110001.							
CIN: L17110DL1992PLC018001							
UN-AUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER, 2025							
Sr. No.	Particulars	Quarter Ended			Half Yearly		
		30.09.2025	30.09.2025	30.09.2024	30.09.2025	30.09.2024	Year Ended
		Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited	Un-Audited
I	Revenue from Operations	1,794.79	1,379.88	-	1,879.63	-	1,421.87
II	Other Income	33.97	25.28	414.35	26.24	473.73	1,229.85
III	Total Income (I+II)	1,828.76	1,405.16	414.35	1,905.87	473.73	2,651.72
IV	Expenses						
a	Purchase of Stock in Trade	1,383.51	1,154.14	-	2,937.66	-	1,140.17
b	Change in valuation of finished goods, work-in-process and stock-in-trade	199.17	(821.37)	-	1818.00	-	-
c	Employee benefit expenses	1.41	1.36	12.62	3.17	14.91	19.35
d	Finance costs	0.80	0.80	-	0.81	-	0.81
e	Provision for doubtful debts	0.00	0.00	-	0.00	-	0.00
f	Other Expenses	6.87	17.41	1.61	24.77	5.82	11.71
	Total Expenses (IV)	1,622.56	1,150.67	14.23	2,572.36	26.78	1,213.84
V	Profit before Exceptional Items and Extraordinary Items and Tax (I-IV)	206.20	254.49	400.12	333.51	446.94	1,437.88
VI	Exceptional items	-	-	-	-	-	-
VII	Profit/(Loss) before tax (V-VI)	206.20	254.49	400.12	333.51	446.94	1,437.88
VIII	Tax expense:						
	Current Tax	95.42	53.74	55.81	153.15	55.81	216.19
	Deferred Tax Charge/(Credit)	(91.00)	0.00	-	(30.94)	-	11.79
	Share Based Payment Provision for Income tax on equity shares	-	-	-	-	-	13.55
IX	Profit/(Loss) for the period from continuing operations (VII-VIII)	214.78	200.75	324.30	427.42	391.00	1,659.94
X	Profit/(Loss) from discontinued operations	-	-	-	-	-	-
XI	Tax expense of discontinued operations	-	-	-	-	-	-
XII	Profit/(Loss) from Discontinued operations (after tax) (X-XI)	-	-	-	-	-	-
XIII	Other Comprehensive Income						
	A (i) Items that will not be reclassified subsequently to profit and loss						
	(a) Fair value changes of investments in equity shares	-	-	-	-	-	-
	(ii) Income tax on items that will not be reclassified subsequently to profit and loss	-	-	-	-	-	-
	B (i) Items that will be reclassified subsequently to profit and loss						
	(a) Income tax on items that will be reclassified subsequently to profit and loss	-	-	-	-	-	(13.55)
	C (i) Other Comprehensive Income (Net of Tax)	-	-	-	-	-	-
XIV	Total Comprehensive Income for the period (IX+XIII)(Comprising Profit (Loss) and Other Comprehensive Income for the period)	214.78	200.75	324.30	427.42	391.00	1,659.94
XV	Earnings per equity share (for continuing operations):						
(1) Basic		1.74	1.57	0.84	3.31	0.83	21.71
(2) Diluted		1.74	1.57	0.84	3.31	0.83	21.71

Notes:

- The above un-audited financial statements for quarter ended September 30, 2025 has been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on 07th November, 2025 and Statutory Auditors of the Company have carried out limited review audit of the same.
- This statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (as amended) prescribing under section 133 of the Companies Act, 2013 and other recognized accounting practices and policies to the extent applicable.
- The company operates in a single segment and hence information presented in Ind AS 108 is not applicable.
- The Figures for the quarter ended 30th September, 2025 are the balancing figure between the un-audited figures of the six months ended 30th September, 2025 and quarter ended 30th June, 2025.
- Figures of previous year / quarter have rearranged / rearranged wherever necessary.

Place: Ahmedabad
Date: 30th September, 2025

For, PADAM COTTON YARNS LIMITED

 SHREEVASTAV
 DIRECTOR

DETAILED RATIONALE FOR THE ISSUE PRICE

The Issue Price is determined by the Company on the basis of qualitative and quantitative factors as described below:

Qualitative factors

Some of the qualitative factors which form the basis for computing the Issue Price are set forth below:

- The Company operates in the apparel segment with an established customer base and growing brand presence in its target market
- The proposed utilization of funds towards working capital, strengthening distribution channels, and marketing initiatives is expected to support business growth.
- The Company's historical turnover, margin profile, and operational efficiency have been taken into consideration.
- Prevailing industry trends in the textile and apparel sector and general market conditions have also been considered while determining the Issue Price.
- The pricing has been structured to provide existing shareholders with an opportunity to participate in the Company's growth at a price determined by the Board in a fair and reasonable manner.

Quantitative factors

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

1. Basic and diluted Earnings per Equity Share ("EPS") (face value of each Equity Share is ₹1.00):

Fiscal	Standalone basis	
	Basic EPS (₹)	Diluted EPS(₹)
Upto September 30, 2025 (Limited Reviewed by the Auditors)	1.74	1.74
March 31, 2025 (Audited)	21.51	21.51
March 31, 2024 (Audited)	4.28	4.28

Notes:

Basic EPS: Net Profit for the year attributable to owners of our Company/weighted average number of Equity Shares outstanding during the year.

Diluted EPS: Net Profit for the year attributable to owners of our Company/weighted average number of Equity Shares outstanding during the year as adjusted for effective of dilutive equity shares.

2. Return on Network

Fiscal	Standalone basis
Upto September 30, 2025 (Limited Reviewed by the Auditors)	15.26%
March 31, 2025 (Audited)	62.78%
March 31, 2024 (Audited)	23.58%

Note: Return on net worth: Net Profit for the year attributable to owners of our Company/ Net Worth.

3. Net Asset Value ("NAV") per Equity Shares**(NAV (₹))**

Fiscal	Standalone basis
Upto September 30, 2025 (Limited Reviewed by the Auditors)	1.63
March 31, 2025 (Audited)	1.30
March 31, 2024 (Audited)	1.80

Note: Net Asset Value per Equity Share of ₹ 1.00 (Net Worth/ number of Equity Shares issued, subscribed and fully paid outstanding as at the end of the year).

The Issue Price is 2.07 times of the face value of the Equity Share.

SECTION VII– GOVERNMENT APPROVALS OR LICENSING ARRANGEMENTS

Our Company requires various licenses, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations for carrying on its present business activities. Further, our obligation to obtain and renew such licenses, registrations, permits and approvals may arise periodically and applications for such approvals are made/will be made at the appropriate stage.

Further, we are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, refer to the chapter titled “*Objects of the Issue*” beginning at page 36.

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SECTION VIII - OTHER STATUTORY DISCLOSURES

The following description is a summary of certain sector-specific laws currently in force in India, which are applicable to our Company. The information detailed in this chapter has been obtained from publications available in the public domain the description below may not be exhaustive and is only intended to provide general information to investors, and is neither designed as, nor intended to substitute, professional legal advice. Judicial and administrative interpretations are subject to modification or clarification by subsequent legislative, judicial, or administrative decisions. The information detailed in this chapter has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies that are available in the public domain.

AUTHORITY TO ISSUE

The Issue has been authorized by our Board pursuant to resolution dated October 09, 2025, pursuant Section 62(1)(a) and other applicable provisions of Companies Act, 2013. The Board of Directors has at its meeting held on Wednesday, February 18, 2026, determined the Issue Price as ₹ 2.07/- (Two Rupees and Zero Seven paisa only) per equity share including a premium of ₹ 1.07/- (One Rupees and Zero Seven paisa only) per Rights Equity Share aggregating up to Rs. 1870.659 Lakh*, and the Rights Entitlement as 07 (Seven) Rights Equity Shares for every 10 (Ten) Equity Shares held on the Record Date.

**Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares and subject to finalization of the basis of allotment.*

The Company has been allotted ISIN INE448D20017 for the Rights Entitlement to be credited to the respective demat account of Equity Shareholders of the Company.

Our Company has received in-principal approval from BSE Limited in accordance with Regulation 28 (1) of SEBI (LODR) Regulations for listing of the Right Shares proposed to be allotted pursuant to issue, vide a letter bearing reference number LOD/RIGHT/KD/FIP/1679/2025-26. Our Company will also make application to BSE Limited to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

Our Company, our Promoter, the members of our Promoter Group and our Directors are not and have not been debarred from accessing capital markets. Further, our Company, our Promoter, the members of our Promoter Group and our Directors are not and have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Further, our Promoter and our Directors are not promoter(s) or director(s) 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 of our Directors are associated with the securities market in any manner. Further, there is no outstanding action initiated by SEBI against any of our Directors, who have been associated with the securities market.

None of our Directors are declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018. Since our Promoter is a corporate entity, the Fugitive Economic Offenders Act, 2018 is not applicable to them.

The Equity shares of our Company have not been suspended from trading as a disciplinary measure imposed by SEBI or any regulatory authority during the last three years.

PROHIBITION BY RBI

Neither our Company nor our Promoter or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

ELIGIBILITY FOR THE ISSUE

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the Stock Exchange viz. BSE Limited. Our Company is eligible to offer Rights 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 applications to the BSE Limited and has received their in-principle approvals through their letter each dated February 12, 2026 for listing of the Rights Equity Shares to be Allotted pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

CAUTION

Our Company shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Our Company accepts no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares

DISCLAIMER CLAUSES FROM OUR COMPANY

Our Company accepts no responsibility for the statements made otherwise than in this Letter of Offer or in any advertisement or other materials issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at their own risk.

Investors who invest in this Issue will be deemed to have represented to our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all the applicable laws, rules, regulations, guidelines and approvals to acquire Rights Equity Shares of our Company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Our Company, and their directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Rights Equity Shares.

DISCLAIMER WITH RESPECT TO JURISDICTION

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Ahmedabad, Gujarat, India only.

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THE LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for the purpose of the Issue is BSE.

DISCLAIMER CLAUSE OF BSE

The disclaimer clause as intimated by BSE to our Company vide their in-principle approval dated February 12, 2026, is as under:

The Exchange has given vide its letter dated February 12, 2026, permission to this Company to use the Exchange's name in this Letter of Offer as the stock exchange on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- *Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer;*
- Or*
- *Warrant that this Company's securities will be listed or will continue to be listed on the Exchange;*
- *Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

SELLING RESTRICTIONS

The distribution of this Letter of Offer, Rights Entitlement Letter, Application Form, and the issue of Right Shares, to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, Right Entitlement Letter, or Application Form may come are required to inform themselves about and observe such restrictions.

The distribution of this Letter of Offer, Application Form and the Rights Entitlement Letter and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, Application Form and the Rights Entitlement Letter 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 of our Company and will dispatch the Letter of Offer, Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit this Issue in any jurisdiction or the possession, circulation, or distribution of this Letter of Offer, the Letter of Offer or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction where action would be required for that purpose.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Any person who makes an application to acquire Rights Entitlement and the Right Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights

Entitlement and the Right Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction and India, without requirement for our Company or their respective affiliates to make any filing or registration (other than in India).

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

The contents of this Letter of Offer 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 buying or selling of Right Shares or Rights Entitlements. As a result, each Investor should consult its own counsel, business advisor, and tax advisor as to the legal, business, tax, and related matters concerning the offer of Right Shares or Rights Entitlements. In addition, neither our Company nor any of their respective affiliates are making any representation to any offeree or purchaser of the Right Shares or the Rights Entitlements regarding the legality of an investment in the Right Shares or the Rights Entitlements by such offeree or purchaser under any applicable laws or regulations.

NO OFFER IN THE UNITED STATES

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

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

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

We, the Registrar, or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which:

- a. Does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the Rights Entitlements and the Right Shares in compliance with all applicable laws and regulations;
- b. Appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States;
- c. Where a registered Indian address is not provided;
- d. Where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements;

And we shall not be bound to allot or issue any Right Shares in respect of any such Application Form.

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

INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

1. Mechanism for Redressal of Investor Grievances

Our Company has made adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the SEBI (LODR) Regulations as well as a well-arranged correspondence system developed for letters of routine nature. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular bearing reference number 'CIR/OIAE/2/2011 dated June 3, 2011'. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee comprising of 3 (Three), members of the said committee, which meets as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. All investor grievances received by us have been handled by the Company Secretary & Compliance Officer of the Company.

The Investor complaints received by our Company are generally disposed of within 21 (Twenty One) days from the date of receipt of the complaint.

2. Investor Grievances arising out of this Issue

Our Company's investor grievances arising out of the Issue will be handled by **Beetal Financial & Computer Services Pvt. Ltd**, who is the Registrar to the Issue. The Registrar to the Issue will have a separate team of personnel handling only post- Issue correspondence.

The agreement between our Company and the Registrar to the Issue will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice to enable the Registrar to redress grievances of Investors.

All grievances relating to this Issue may be addressed to the Registrar to the Issue giving full details such as folio no., name and address, contact details, Email-ID of the first applicant, number and type of Equity Shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar to the Issue for attending to routine grievances will be seven to ten days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to the Issue to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer of our Company of our Company for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, 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 Right Shares applied for, amount blocked, 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. For details on the ASBA process, please refer to the section titled '*Terms of the Issue*' on page 61, of this Letter of Offer.

The contact details of the Registrar to the Issue and the Directors of our Company are as follows:

Company Secretary & Compliance Officer	Registrar to the Issue
<p>Ms. Vidisha Vimal Hingu</p> <p>Address: C-801, 8th Floor Krish Cubical, Govardhan Partyplot, Avalon Hotal Road, Sindhu Bhavan Marg Thaltej, Ahmedabad, , Gujarat, India, 380059.</p> <p>Contact Details: 9998865217;</p> <p>Email-ID: cspcy16@gmail.com</p>	<p>Beetal Financial & Computer Services Pvt. Ltd</p> <p>Address : BEETAL HOUSE, 3rdFloor, 99, Madangir, Behind LSC, New Delhi-110062, India</p> <p>Contact Details: +011-29961281-283, 26051061, 26051064;</p> <p>E-mail ID/ Investor grievance e-mail: beetalrta@gmail.com/ investor@beetalfinancial.com</p> <p>Website: https://beetal.in/</p> <p>Contact Person: Puneet Mittal, General Manager</p>

SECTION IX – ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained the Issue Materials, 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. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up.

Unless otherwise permitted under the SEBI (ICDR) Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA facility as disclosed in this section.

Please note that our Company has opened a separate demat suspense escrow account (namely, “PADAM COTTON RIGHTS ENTITLEMENT DEMAT ESCROW ACCOUNT 2025”) (“Demat Suspense Account”) and would credit Rights Entitlements on the basis of the Equity Shares: (a) held by Eligible Equity Shareholders which are held in physical form as on Record Date; or (b) which are held in the account of the Investor Education and Protection Fund (“IEPF”) authority; or (c) of the Eligible Equity Shareholder whose demat accounts are frozen or where the Equity Shares are lying in the unclaimed / suspense escrow account / demat suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date or where Equity Shares have been kept in abeyance or where entitlement certificate has been issued or where instruction has been issued for stopping issue or transfer or where letter of confirmation lying in escrow account; or (d) where credit of the Rights Entitlements have returned/reversed/failed for any reason; or (e) where ownership is currently under dispute, including any court or regulatory proceedings or where legal notices have been issued, if any or (f) such other cases where our Company is unable to credit Rights Entitlements for any other reasons or (f) such other cases where our Company is unable to credit Rights Entitlements for any other reasons. Please also note that our Company has credited Rights Entitlements to the Demat Suspense Account on the basis of information available with our Company and to serve the interest of relevant Eligible Equity Shareholders to provide them with a reasonable opportunity to participate in the Issue. The credit of the Rights Entitlements to the Demat Suspense Account by our Company does not create any right in favour of the relevant Eligible Equity Shareholders for transfer of Rights Entitlement to their demat account or to receive any Equity Shares in the Issue.

With respect to the Rights Entitlements credited to the Demat Suspense Account, the Eligible Equity Shareholders are requested to provide relevant details / documents as acceptable to our Company or the Registrar (such as applicable regulatory approvals, self-attested PAN and client master sheet of demat account, details/ records confirming the legal and beneficial ownership of their respective Equity Shares, etc.) to our Company or the Registrar no later than two clear Working Days prior to the Issue Closing Date, i.e., by March 09, 2026, to enable credit of their Rights Entitlements by way of transfer from the Demat Suspense Account to their demat account at least one day before the Issue Closing Date i.e. March 09, 2026, 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. In the event that the Eligible Equity Shareholders are not able to provide relevant details to our Company or the Registrar by the end of two clear Working Days prior to the Issue Closing Date, Rights Entitlements credited to the Demat Suspense Account shall lapse and extinguish in due course and such Eligible Equity Shareholder shall not have any claim against our Company and our Company shall not be liable to any such Eligible Equity Shareholder in any form or manner.

Further, with respect to Equity Shares for which Rights Entitlements are being credited to the Demat Suspense Account, the Application Form along with the Rights Entitlement Letter shall not be dispatched till the resolution of the relevant issue/concern and transfer of the Rights Entitlements from the Demat Suspense Account to the respective demat account other than in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date who will receive the Application Form along with the Rights Entitlement Letter. Upon submission of such documents /records no later than two clear Working Days prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

OVERVIEW

This Issue and the Right Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this 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 (LODR) Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the BSE Limited (BSE) and the terms and conditions as stipulated in the Allotment advice.

IMPORTANT

1. Dispatch and availability of Issue materials

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials 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 Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see "Restrictions on Purchases and Resales" beginning on page 88.

The Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the 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 valid e-mail address, then the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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

Investors can access the Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Right Shares under applicable securities laws) on the websites of:

- a. Our Company's website at www.padamcotton.com
 - b. Registrar to the Issue's website at www.beetalfinancial.com ;
 - c. BSE Limited's website at www.bse.com;
- To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders, should visit www.beetalfinancial.com /
 - Eligible Equity Shareholders, can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.beetalfinancial.com /) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company at www.padamcotton.com
 - Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Rights Entitlement Letter and the Application

Form or delay in the receipt of the Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e- mail addresses of Eligible Equity Shareholders, or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with the Stock Exchanges. Accordingly, Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Issue Materials 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, such Issue Materials must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the 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 the Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who purchases or renounces the Rights Entitlements or makes an application to acquire the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is outside the United States and is eligible to subscribe and authorized to purchase or sell the Rights Entitlements or acquire the Rights 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).

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders, and in case such Eligible Equity Shareholders have not provided their valid e-mail address, then the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

2. Process Of Making Application In This Issue

- **In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI - Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.**

The Application Form can be used by the Eligible Equity Shareholders, as well as the Renounees to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein that the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see “Grounds for Technical Rejection” on page 70. 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 SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders, making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” on page 65.

➤ Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder, is entitled to in the Issue.

If the Eligible Equity Shareholder, applies in this Issue, then such Eligible Equity Shareholder, can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- (v) Renounce Rights its entitlement in full.

➤ Making of an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an 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 www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmld=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, their directors, their 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 Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Dos' for Investors applying through ASBA:

1. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
2. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
3. 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.
4. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights 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.
5. 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.
6. Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
7. 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.
8. 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.
9. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
2. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or *vice versa*.
3. Do not send your physical Application to the the Registrar, the Bankers to the Issue (assuming that such Bankers to the Issue are not SCSB's), 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.
4. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
5. Do not submit Application Form using third party ASBA account.
6. Avoiding applying on the Issue Closing Date due to risk of delay/restriction in making any physical Application.
7. Do not submit Multiple Application Forms.

➤ **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 terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through 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 or Stock Exchanges. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that in terms of Regulation 78 of SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being “Padam Cotton Yarns Limited”;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio No./DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialized form;
6. Number of Rights Equity Shares entitled to;
7. Total number of Rights Equity Shares applied for;
8. Number of additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ 2.07/- for Rights Equity Shares issued in one Rights Entitlement;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address, branch of the SCSB with which the account is maintained.
13. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
14. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. In addition, all such Eligible Shareholders are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the “U.S. Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (“Regulation S”) to Eligible Equity Shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled "Restrictions on Purchases and Resales" on page 88.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

I/ We acknowledge that Our Company and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

I/ We acknowledge that the Company their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://www.beetalfinancial.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 Investors' ASBA Accounts on or before the Issue Closing Date.

➤ ***Making of an Application by Eligible Equity Shareholders, holding Equity Shares in physical form***

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders, holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least *two clear 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/or whose demat account details are not available with our Company or the Registrar, shall be credited in the Demat Suspense Account.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

1. The Eligible Equity Shareholders, send form ISR1, ISR2 (in case signature does not match with RTA record), ISR-4, Client master copy, Copy of Self attested PAN, Original Cancelled cheque to RTA above documents should reach with RTA not later than two Clear Working Days prior to the Issue Closing Date
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders, to their demat accounts at least one day before the Issue Closing Date; and
3. The remaining procedure for Application shall be same as set out in the section entitled "*- Making of an Application by Eligible Equity Shareholders, on Plain Paper under ASBA process*" on page 61.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the Demat Suspense Account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN

APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in the section titled “*Basis of Allotment*” on page 80.

Eligible Equity Shareholders, who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders, cannot apply for Additional Rights Equity Shares unless regulatory approvals are submitted.

Intention and extent of participation by our Promoter and Promoter Group with respect to (i) their rights entitlement; (ii) their intention to subscribe over and above their rights entitlement; and (iii) their intention to renounce their rights entitlement, to specific investor(s).

As on the date of this Letter of Offer, members of our Promoter Group do not hold any Equity Shares of our Company.

Our Promoter has confirmed that they will not (i) subscribe to the Rights Entitlements in the Issue, and (ii) subscribe to additional Equity Shares, if any, as well as to any unsubscribed portion in the Issue up to the total Issue Size subject to meeting requirements under the SEBI Takeover Regulations.

Accordingly, our Promoter has no intention to apply for the Rights Entitlement in the Issue.

Allotment of the under-subscribed portion of the Issue

Our Company does not intend to allot the under-subscribed portion of the Rights Equity Shares in this Issue to any Specific Investor(s).

Additional general instructions for Investors in relation to making of an Application

- a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section titled “Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” on page no. 65.
- d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges.
- e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar.
- f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income Tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

- g) Ensure that the Demographic Details such as address, PAN, DP ID, Client ID, Bank Account details and occupation (“Demographic Details”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, or Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.
- h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.
- k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.
- l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective Depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- m) Investors are required to ensure that the number of Rights Equity Shares applied for by them does not exceed the prescribed limits under the applicable law.
- n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction
- o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- r) Do not submit Multiple Applications.
- s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply in this Issue as an incorporated non-resident must do so in accordance with the FDI Policy and the FEMA Rules, as amended.
- t) Ensure that your PAN is linked with Aadhaar, and you are in compliance with CBDT notification dated February 13, 2020, and press release dated June 25, 2021, and September 17, 2021.

➤ Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- a. DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- b. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar/ Depository.
- c. Sending an Application to our Company, Registrar, Bankers to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- d. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- e. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- f. Account holder not signing the Application or declaration mentioned therein.
- g. Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- h. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- i. Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- j. Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- k. Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- l. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- m. Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- n. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- o. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- p. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights 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 outside the United States, and is eligible to subscribe for the Rights 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 Rights Equity Shares in respect of any such Application Form.
- q. Applications which have evidence of being executed or made in contravention of applicable securities laws.
- r. Application from Investors that are residing in U.S. address as per the depository records.
- s. Applicants not having the requisite approvals to make Application in the Issue.
- t. RE not available in DPID on Issue Closing Date.

➤ Multiple Applications

In case where multiple Applications are made using same demat account in respect of the same set of Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors, and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “*Procedure for Applications by Mutual Funds*” on page no. 72.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications may be treated as multiple applications and are liable to be rejected or all the balance shares other than Rights Entitlement will be considered as additional shares applied for, other than multiple applications submitted by any of our Promoter or members of our Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in the section entitled “*Summary of the Letter of Offer– Intention and extent of participation by our Promoters and Promoter Group with respect to (i) their rights entitlement, (ii) their intention to subscribe over and above their rights entitlement; and (iii) their intention to renounce their rights, to any specific investor(s)*” on page no. 17.

➤ Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates.

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 (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- i. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- ii. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI (Venture Capital Funds) Regulations, 1996 (“SEBI VCF Regulations”) and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 (“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.

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 OCI may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (“Restricted Investors”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or exchange traded funded or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

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 March 09, 2026, i.e., Issue Closing Date. Our Board or Rights Issue Committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or Rights Issue Committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or Rights Issue Committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in the section entitled “**Basis of Allotment**” on page no. 80.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (IST) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last

eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor applying through ASBA facility may withdraw their Application post the Issue Closing Date. In case of Specific Investor in whose favour Promoter and Promoter Group have renounced their Rights Entitlement and the Specific Investors have made an application for subscribing to the Rights Entitlement, then no withdrawal of such application will be allowed.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board or Rights Issue Committee 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 Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within one Working Day from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

3. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- **Rights Entitlements**

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights 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., <https://www.beetalfinancial.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). The link for the same shall also be available on the website of our Company (i.e., www.padamcotton.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN: INE448D20017. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the Demat Suspense Account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights

Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the 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 clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense 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 by sending ISR1, ISR-2 (in case signature not matched with RTA record), ISR-4 with copy of PAN, original Cancelled cheque (name of 1st shareholder should be printed on it), Copy of CML (client master) to RTA in original. 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 ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to:

1. the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form and
2. a demat suspense escrow account (namely, *PADAM COTTON RIGHTS ENTITLEMENT DEMAT ESCROW ACCOUNT 2025* 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 Investor Education and Protection Fund Authority; or
 - b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR 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.

4. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

I. Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

II. Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

III. Procedure for Renunciation of Rights Entitlements

During the Renunciation Period, the Eligible Equity Shareholders may renounce the Rights Entitlements credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "On Market Renunciation"); or (b) through an off-market transfer (the "Off Market

Renunciation”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹2.07/- per Rights Equity Share (including premium of ₹1.07/- per Rights Equity Share) shall be payable on Application.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

IV. On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE448D20017 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlement. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from March 02, 2026 to March 06, 2026 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE448D20017 (and indicating the details of the Rights Entitlements they intend to trade). The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of Stock Exchange (BSE) under automatic order matching mechanism and on ‘T+1 rolling settlement bases, where ‘T’ refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

V. 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 dematerialized form only.

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

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: INE448D20017, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

5. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Under the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the 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.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights 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 Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares

6. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights 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 the Issue such as face value, Issue Price, Rights Entitlement, see “*Terms of the Issue*” beginning on page no. 61.

(a) Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 07 (Seven) Equity Share for every 10 (Ten) Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 10 (Ten) Equity Shares or not in the multiple of 10 (Ten), the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Further, the Eligible Equity Shareholders holding less than 10 Equity Shares shall have ‘zero’ entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

(b) Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the 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 LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue, shall rank pari passu with the existing Equity Shares, in all respects including dividends.

(c) Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principal approval from the BSE Limited vide their letter no. LOD/RIGHT/KD/FIP/1678/2025-26 on February 12,

2026 for listing of the Rights Equity Shares to be allotted in this Issue. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 531395) (Symbol: PADAMCO) under the ISIN: INE448D01025. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, 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 Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of such period, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

(d) Subscription to this Issue by our Promoter and members of our Promoter Group

For details of the intent and extent of subscription by our Promoter and members of our Promoter Group, see “*Summary of this Letter of Offer – Intention and extent of participation by our Promoter and Promoter Group with respect to (i) their rights entitlement; (ii) their intention to subscribe over and above their rights entitlement; and (iii) their intention to renounce their rights entitlement, to specific investor(s)*” on page 17.

(e) Rights of Holders of Equity Shares of our Company The right to receive dividend, if declared;

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- i. The right to receive surplus on liquidation;
- ii. The right to receive offers for rights shares and be allotted bonus shares, if announced;
- iii. The right to free transferability of Rights Equity Shares;
- iv. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and
- v. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

7. GENERAL TERMS OF THE ISSUE

i. Market Lot

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

ii. 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.

iii. Nomination

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

iv. 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.

v. Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant this Issue. However, the Investors should note that pursuant to the provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

vi. Notices

Our Company will send through email and speed post, the Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material 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 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 Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically 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 their Indian address and who have made a request in this regard.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation (Hindi being the regional language of Haryana, where our Registered Office is situated).

The Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

vii. Offer to Non-Resident Eligible Equity Shareholders

As per Rule 7 of the FEMA NDI Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. The permissions available under (i) and (ii) above are not available to investors who have been allotted such shares as Overseas Corporate Bodies. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at beetalrta@gmail.com. It will be the sole responsibility of the Investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

This 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 Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder are eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, *i.e.*, from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar to the Issue by submitting their respective copies of self-attested proof of address, passport, etc. at beetalrta@gmail.com.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 77.

8. ISSUE SCHEDULE

Last Date for Credit of Rights Entitlements	Thursday, February 26, 2026
Issue Opening Date	Monday, March 02, 2026
Last Date for on Market Renunciation of Rights Entitlements #	Wednesday, March 04, 2026
Date of Closure of Off-Market Transfer of Rights Entitlements	Friday, March 06, 2026
Issue Closing Date*	Monday, March 09, 2026
Finalisation of Basis of Allotment (On or about)	Tuesday, March 10, 2026
Date of Allotment (On or about)	Tuesday, March 10, 2026
Date of Credit (On or about)	Wednesday, March 11, 2026
Date of Listing (On or about)	Wednesday, March 11, 2026

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 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 no later than two clear Working Days prior to the Issue Closing Date, *i.e.*, March 09, 2026, to enable the credit of the Rights Entitlements by way of transfer from the Demat Suspense Account to their respective demat accounts, at least one day before the Issue Closing Date, *i.e.*, March 09, 2026.

9. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- (i) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renounee(s) who has or have applied for Rights Equity

Shares renounced in their favour, in full or in part including to the specific investor(s) making an application under Regulation 84(1)(f)(i) of the SEBI ICDR Regulations.

- (ii) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (i) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (i) 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.
- (iii) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (i) and (ii) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (iv) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (i), (ii) and (iii) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis having due regard to the number of Rights Entitlement held by them as on Issue Closing Date and in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- (v) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (i), (ii), (iii) and (iv) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (i) to (iv) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

- (a) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
- (b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- (c) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

10. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable, or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in 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 One Working day 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 such other rate as specified under applicable law from the expiry of such 2 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights 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 within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

11. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- a) Unblocking amounts blocked using ASBA facility.
- b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- c) **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) **RTGS** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.

For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

Credit of refunds to Investors 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.

12. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 2 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

- a) Tripartite agreement dated August 01, 2008, amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated September 11, 2008, amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

- a. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step
- b. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
- c. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
- d. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
- e. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification. Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
- f. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, on their registered email address or through physical dispatch.
- g. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

- h. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
- i. Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, and who have not provided the details of their demat accounts to our Company or to the Registrar at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

13. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) 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 ₹0.10 crores or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.10 crores or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.50 crores or with both.

14. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains 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.

15. 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 Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.
- iii. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

- iv. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 2 working 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. No further issue of equity shares and convertible securities shall be made till the securities offered through the Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than any issuance of Equity Shares upon exercise of options under the ESOS Schemes and other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.
- vii. Adequate arrangements shall be made to collect all ASBA Applications.
- viii. As on date, our Company does not have any convertible debt instruments.
- ix. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

16. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

- A. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, 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.
- B. All enquiries in connection with this 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 superscripted "PADAM COTTON YARNS LIMITED – Rights Issue" on the envelope and postmarked in India) to the Registrar at the following address:

Beetal Financial & Computer Services Pvt. Ltd
 Beetal House,
 3rd Floor, 99, Madangir,
 Behind LSC,
 New Delhi-110062
Tel: 011 - 29961281-283 / 26051061 / 26051064
Email: beetalrta@gmail.com / investor@beetalfinancial.com
Website: www.beetalfinancial.com
Contact Person: Puneet Mittal, General Manager
- C. In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.beetalfinancial.com).
- D. The Investors can visit following links for the below-mentioned purposes:
 - (ii) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.beetalfinancial.com;
 - (iii) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: www.beetalfinancial.com;
 - (iv) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.beetalfinancial.com;
 - (v) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: beetalrta@gmail.com

This Issue will remain open for a minimum 08 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 Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

There are two routes through which foreign investors may invest in India. One is the 'automatic route', where no government approval is required under Indian foreign exchange laws to make an investment as long as it is within prescribed thresholds for the relevant sector. The other route is the 'government route', where an approval is required under foreign exchange laws from the relevant industry regulator, prior to the investment.

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 way 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 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), 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:

1. The activities of the investee company fall under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI (SAST) Regulations;
2. The non-resident shareholding is within the sectoral limits under the FDI Policy; and
3. 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 to make any investment in the Issue.

Our Company will not be responsible for any allotments made by relying on such approvals. Please also note that pursuant to Circular no. 14 dated September 16, 2003, issued by RBI, Overseas Corporate Bodies have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES**Eligibility and Restrictions*****General***

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with the Stock Exchanges and SEBI.

Pursuant to the requirements of the SEBI ICDR Regulations and other applicable laws, the Rights Entitlements will be credited to the demat account of the Eligible Equity Shareholders who are Equity Shareholders as on the Record Date, however, the Issue Materials will be sent/ dispatched only to such Eligible Equity Shareholders who have provided an Indian address to our Company and only such Eligible Equity Shareholders are permitted to participate in the Issue. The credit of Rights Entitlement does not constitute an offer, invitation to offer or solicitation for participation in the Issue, whether directly or indirectly, and only dispatch of the Issue Material shall constitute an offer, invitation or solicitation for participation in the Issue in accordance with the terms of the Issue Material. Further, receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in (i) the United States or (ii) any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed, in part or full. Accordingly, persons receiving a copy of the Issue Materials should not distribute or send the Issue Materials 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 Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) or any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, renunciation, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

No offer in the United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Rights Equity Shares are only being offered and sold in “offshore transactions” as defined in, and in reliance on, Regulation S under the U.S. Securities Act to Eligible Equity Shareholders located in jurisdictions where such offer and sale is permitted under the laws of such jurisdictions. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Entitlements or Rights Equity Shares for sale in the United States or as a solicitation therein of an offer to buy any of the said securities. Accordingly, you should not forward or transmit this Letter of Offer into the United States at any time.

Representations, Warranties and Agreements by Purchasers

The Rights Entitlements and the Rights Equity Shares offered are being offered in “offshore transactions” as defined, and in reliance on, Regulation S under the U.S. Securities Act.

In addition to the applicable representations, warranties and agreements set forth above, each purchaser outside the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

- 1) The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the U.S. Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.
- 2) No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any “directed selling efforts” (as defined in Regulation S under the U.S. Securities Act).
- 3) The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
- 4) The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.
- 5) The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
- 6) If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer.
- 7) The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.
- 8) The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
- 9) The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

- 10) None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
- 11) Prior to making any investment decision to exercise the Rights Entitlements and renounce and/or subscribe for the Rights Equity Shares, the Investor (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
- 12) Without limiting the generality of the foregoing, (i) the purchaser acknowledges that the Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) our Company, any of its affiliates, has not made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
- 13) The purchaser acknowledges that any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company.
- 14) The purchaser will not hold our Company responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it.
- 15) The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar, or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.
- 16) The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.

- 17) The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.
- 18) If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
- 19) If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.
- 20) The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.
- 21) Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.
- 22) The purchaser shall hold our Company harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
- 23) The purchaser acknowledges that our Company, their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

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SECTION X – OTHER INFORMATION

Please note that the Right Shares applied for under this Issue can be allotted only in dematerialised form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (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, or (c) demat suspense account where the credit of the Rights Entitlements returned/reversed/failed.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than 2 (Two) years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and also the documents for inspection and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office between 10 a.m. and 5 p.m. on all working days and will also be available on the website of our Company at www.padamcotton.com from the date of this Letter of Offer until the Issue Closing Date.

MATERIAL CONTRACTS FOR THE ISSUE

1. Registrar Agreement dated October 09, 2025 between our Company and the Registrar to the Issue;
2. Bankers to the Issue Agreement dated February 09, 2026 among our Company and the Registrar to the Issue and the Bankers to the Issue;
3. Monitoring Agency Agreement dated October 09, 2025, between our Company and the Monitoring Agency;

MATERIAL DOCUMENTS IN RELATION TO THE ISSUE

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company;
2. Certificate of incorporation
3. Copies of annual report of our Company for the last two Financial Years ending March 31, 2025 and March 31, 2024 and un-audited Financial Results for the half year ended on September 30, 2025 along with the Limited Review Report.
4. Resolution of our Board of Directors dated October 09, 2025 in relation to the Authorising the Issue;
5. Resolution of the Board of Directors dated February 18, 2026, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio;
6. Consents of our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Statutory Auditor, Bankers to the Issue, and the Registrar to the Issue for inclusion of their names in the Letter of Offer to act in their respective capacities;
7. Report on Statement of Special Tax Benefits dated October 09, 2025 for our Company from the Statutory Auditors of our Company;
8. In-principle approval issued by BSE Limited (BSE) dated February 12, 2026 ;
9. Tripartite agreement amongst our Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Issue.
10. Tripartite agreement amongst our Company, National Securities Depository Limited (NSDL) and Registrar to the Issue.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without notice to the Eligible Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

There are no other agreements/ arrangements entered into by our Company/covenants applicable to our Company which are material, not in the ordinary course of business and which are required to be disclosed, or the non-disclosure of which may have a bearing on the investment decision of prospective investors in the Offer.

DECLARATION

We/ I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder. We/ I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by Securities and Exchange Board of India, Government of India and any other competent authority in this behalf, have been duly complied with.

We/ I further certify that all disclosures made in this Letter of Offer are true and correct.

Name of the Directors**Signature**

Mr. Dinesh Shreevastav

Whole-Time Director & Chief Financial Officer

DIN: 11030609

Sd/-

Mr. Ashutosh Alaru

Non-Executive Director

DIN: 07618648

Sd/-

Mr. Anand Manoharlal Kothari

Non-Executive Independent Director

DIN: 10900584

Sd/-

Mr. Kinjal Jigar Shah

Non-Executive Independent Director

DIN: 11031676

Sd/-

Place: Ahmedabad

Date: February 18, 2026