

Statutory Auditor's Report in respect of preferential issue of convertible equity warrants (the "Issue") pursuant to requirement of Regulation 163(2) contained in Chapter V (Preferential Issue) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended) (the "ICDR Regulations")

To,

The Board of Directors,
Sanrhea Technical Textiles Limited,
Parshwanath Chambers, 2nd Floor,
Nr. New RBI, Income Tax,
Ashram Road,
Ahmedabad - 380 014.

1. This report is issued in accordance with the terms of our Engagement dated February 2, 2022 with Sanrhea Technical Textiles Limited.
2. In connection with Sanrhea Technical Textiles Limited's ("the Company") issue of equity warrants on a preferential basis in pursuance of the provisions of Section 42 and 62 of the Companies Act, 2013 ("the Act"), and the ICDR Regulations, in accordance with the Articles of Association of the Company and in terms of the resolution passed by the directors of the Company in their meeting held on July 24, 2021, subsequent approval by the shareholders of the Company in their meeting held on September 21, 2021 and the resolution passed by the directors of the Company in their meeting held on January 18, 2022, which is subject to the approval of the shareholders of the Company, for the purpose of modification of the earlier resolution passed by the shareholders of the Company in their meeting held on September 21, 2021 based on the provisions of the Act, we have been engaged by the Company to perform a reasonable assurance engagement on the reporting requirement contained in Regulation 163(2) of the ICDR Regulations. The Company had issued notice dated July 24, 2021 ("Earlier Notice") to the members of the Company, seeking the consent of the members to approve the preferential issue of equity warrants convertible into equity share up to 7,28,072 warrants on a preferential basis to Shri Tushar Patel and 4,81,928 warrants to Smt. Tejal Patel, being promoters of the Company, as per item no. 4 of the Earlier Notice, and obtained the said approval thereafter dated September 21, 2021. However, as the allotment of the equity warrants was not completed within 15 days from the date of special resolution, the Company has been required by the stock exchange (BSE) to obtain a fresh special resolution from the shareholders of the Company, and comply with the requirements of Chapter V (Preferential issue) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as they stand prior to the



notification of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, considering that the Relevant Date for the said allotment has been revised to January 12, 2022. Accordingly, a notice modifying Original Notice and the modified Explanatory Statement thereto ("Modified Notice" or the "Statement"), setting out the details of the preferential issue, is attached to this report and the same has been initialled by us for identification purpose only.

Board of Directors' Responsibility for the Notice, Statement and the Compliance with the ICDR Regulations

3. The preparation of the accompanying Fresh Notice and Statement is the responsibility of the Board of Directors of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Notice and Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.
4. The Board of Directors are also responsible for ensuring that the Company complies with the requirements of the ICDR Regulations and for providing all relevant information to the Securities and Exchange Board of India and the stock exchange.

Auditor's Responsibility

5. Pursuant to the requirements of the ICDR Regulations, it is our responsibility to obtain reasonable assurance and form an opinion as to:
 - 5.1. Whether the preferential issue of equity warrants convertible into equity shares of the Company as stated in item no. 1 of the Fresh Notice and the Statement is in accordance with the ICDR Regulations.
6. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination as above, and the information and explanations given to us, in our opinion:
 - 8.1. If the preferential issue of equity warrants convertible into equity shares of the Company as stated in item no. 1 of the Fresh Notice and the Statement, as a



modification to the original resolution, is approved by the members of the Company at the Annual General Meeting to be held on February 11, 2022, it would be in accordance with the ICDR Regulations, as per the requirement of the stock exchange i.e. BSE.

Restriction on Use

9. Our work was performed solely to assist the Company in meeting its responsibilities in relation to compliance with the requirements of the ICDR Regulations. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way altered by any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in course of or in connection with the services that are subject of this report, will extend any duty of care we may have in our capacity as auditors of the Company.
10. The report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the ICDR Regulations solely to enable them to meet the obligation under the ICDR Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Arpit Patel & Associates,**

Chartered Accountants

ICAI Firm Reg. No.: 144032W



[Arpit K. Patel]

Partner

Mem. No.: 034032

Place: Ahmedabad

Date: February 9, 2022

ICAI UDIN: 22034032AAZZCF5842

